EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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Monday January 27 1992

D 8523A

SOUTH-EAST ASIA
A free-trade zone is coming closer
Page 5

World News

Cross-border EC freight faces severe disruption

Freight consignments moving across European borders could be seriously disrupted today when Customs brokers in all but three EC countries – the UK, Denmark and the Irish Republic – plan to take industrial action.

The brokers – private enterprises which prepare documentation and smooth the way through cross-border tax and Customs formalities – are worried about job losses when internal EC barriers to free trade come down in 1993. Page 12

Israeli loan confidence
Senior ministers predicted Israel would reach agreement with the US on securing $10bn in loan guarantees to aid Jewish immigration from the former Soviet Union – without surrendering its commitment to build settlements in the occupied territories. Page 12

Yugoslav peace mission
Special United Nations envoy Marrack Goulding started a five-day mission in Yugoslavia to determine whether it will be possible to deploy 10,000 peace-keepers. Page 3

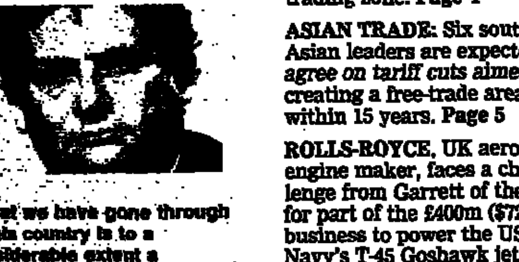
Mauritania poll claims
Mauritania's military leader Maaouya Ould Sid'Ahmed Taya claimed victory in the country's first open presidential elections amid allegations of electoral fraud. Page 5

Haughey likely to quit
Irish prime minister Charles Haughey is expected to announce his resignation on Thursday, following last week's ultimatum from his Progressive Democrat coalition partners to restore the government's credibility or lose their support. Page 3

Kashmiri revolt deaths
At least 16 people were killed in India's Kashmir Valley at the weekend as Kashmiri militants made hit-and-run attacks.

Algerian civil war fear
Islamic Salvation Front leaders accused Algeria's rulers of trying to provoke civil war after security forces pressed ahead with their search for front members and maintained a ban on the use of mosques for politics.

Side-effects of deregulation



"What we have gone through in this country is to a considerable extent a once-for-all occurrence: the change from a financially regulated to a financially deregulated economy. Others still have this in store." Nigel Lawson, UK chancellor of the exchequer, 1983 to 1989, considers his own record in government. Page 11

Space workers' threat
Technicians at Kaliningrad mission control, centre of the former Soviet Union's space programme, are threatening to strike in protest over low pay, according to a television news report.

Paris link for Belarus
France established diplomatic relations with Belarus as foreign minister Roland Dumas ended a visit to four former Soviet republics.

Typing at the top
Nearly 80 per cent of British executives and managers do some of their typing, according to a survey of more than 500 companies. Page 6

Business Summary

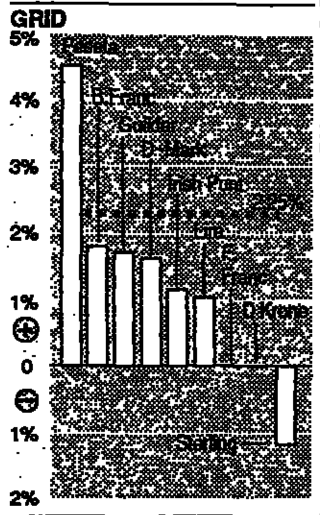
Securities regulators close to capital rules

Banking and securities regulators meet in Switzerland this week to agree international capital adequacy rules for the securities business.

Discussions over three years have brought regulators close to an agreement designed to protect financial markets from the collapse of securities companies. However, London investment banks fear the rules could undermine the City's competitive position. Page 13

EUROPEAN monetary system: Sterling remained the weakest currency in the system last week, but pressure eased as the D-Mark again fell back against other units. The peseta remained the strongest currency in the system. Currencies, Page 23

EMS January 24 1992



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the EMS's narrow 2.25 per cent fluctuation band. In practice, currencies in the EMS narrow band cannot rise more than 2.25 per cent from the weakest currency in that part of the system. Sterling and the Spanish peseta operate with 6 per cent fluctuation bands.

CROSSLAND SAVINGS, New York savings and loan crippled by property loan losses, has come under US government control in a $1.2bn rescue. Page 13

EUROPEAN Economic Area: Efforts will be made in Brussels today to break the judicial deadlock preventing the creation of a 19-nation common trading zone. Page 4

ASIAN TRADE: Six south-east Asian leaders are expected to agree on tariff cuts aimed at creating a free-trade area within 15 years. Page 5

ROLLS-ROYCE, UK aero-engine maker, faces a challenge from Garrett of the US for part of the £400m ($720m) business to power the US Navy's T-45 Goshawk jet trainer. Page 4

R.H. MACY, New York-based department store chain, is expected to file for Chapter 11 bankruptcy protection, possibly as early as today, after the collapse on Friday of a last-minute bail-out. Page 15

AMERICAN BRANDS, Connecticut-based tobacco and consumer products company, reported after-tax profits of $216.6m in the fourth quarter of 1991, compared with $7.1m in the same period a year earlier. Page 15

TOYOTA, Japanese car maker, plans to acquire about 35 per cent of Toyota France, its privately-owned French vehicle importer/distributor. Page 15

IRISH CONTINENTAL Group, Dublin-based shipping company, has won shareholder approval for an I£8.5m ($14m) takeover of B&I Ferries. Page 14

GERMAN STEEL: Voting began in a strike ballot of 100,000 workers. Page 3

Stockholm wary of proposed Volvo merger

By Robert Taylor in Stockholm

VOLVO, Sweden's largest industrial group, has announced plans to merge with Procordia, the food and pharmaceutical company partly owned by the Swedish government, in a SKr38.7bn ($6.67bn) deal, the largest in the country's history.

Last night, however, doubts were being cast over the deal by the Swedish government, which is the second-largest owner of Procordia.

Mr Per Westerberg, the country's industry minister, said that if the government's recently appointed advisory privatisation commission, which is examining the deal, advised against the merger today, he did not see how it could go ahead.

The proposed conglomerate would carry the Volvo name, with assets valued at SKr130bn, turnover of SKr115bn and 105,000 employees. It would be Sweden's biggest private employer, with activities ranging from cars and trucks to health care products, food processing, alcohol, tobacco, hotels and restaurants.

When the plan was announced on Saturday, it was immediately criticised for lack of industrial logic by the privatisation commission.

Mr Pehr Gyllenhammar, Volvo's executive chairman who will chair the new company, said it would mean Sweden had "an enterprise with resources enabling it to participate in the current process of industrial change in Europe". Mr Sören Gyll, Procordia's head, is to be president and chief executive of the new company. Mr Christer Zetterberg, Volvo's current president and chief executive, has been named as his deputy.

Volvo already owns 39.5 per cent of Procordia's equity and 42.7 per cent of the voting shares. The Swedish government, with 34.2 per cent of equity and 42.7 per cent of voting rights, so far has not given its approval to the deal, which is structured as a reverse takeover of Volvo by Procordia.

Last Friday the privatisation commission rejected the first offer made by Procordia, arguing that the terms were too favourable to Volvo shareholders and questioning the industrial sense of the merger.

Under the revised offer, Procordia is offering nine of its A shares for four of Volvo's A shares, and nine B shares for four Volvo B shares. It is also bidding for Volvo's convertible debentures on a comparable basis.

The offer is valued at SKr38.7bn based on Procordia's share price at close of trading on the Stockholm bourse on January 24. After full conversion it is designed to provide Volvo shareholders with a 22 per cent average premium to the market price.

Volvo's strategic French partner Renault has agreed to the proposed merger, although its own stake in the Swedish group will be halved to 4.2 per cent as a result. The offer is subject to acceptance by 90 per cent of Volvo's shareholders and to approval by Procordia shareholders.

Volvo and Procordia want the government to sell or reduce its own stake in the company. Unless ministers agree, the Swedish state would have an estimated 25.6 per cent equity in the "new" Volvo, but retain about 45 per cent of voting rights.

The prospectus will be available on April 20 and the subscription period will last from May 4 to June 1. It is hoped the new company will be registered on 22 June.

Triumph of hope, Page 13

Industrial nations believe forces hindering economic activity are weakening

G7 gives pledge to strengthen global economy

By Peter Norman, Economics Correspondent, in Garden City, New York

THE WORLD'S leading industrial countries have agreed to intensify their efforts to strengthen world economic growth in response to a weakening of the global economy in the past three months.

After meeting for more than seven hours on Saturday, the finance ministers and central bank governors of the Group of Seven nations said they were convinced that forces inhibiting economic activity in many countries were dissipating.

Lower inflation in most countries, lower long-term interest rates and stable oil prices meant the conditions for improved growth existed. "The clear view was that the recovery had been delayed, not cancelled," said Mr Norman Lamont, the chancellor of the exchequer.

However, the G7 – the US, Japan, Germany, France, Britain, Italy and Canada – agreed that the recovery needed reinforcing. The communiqué issued after the meeting raised the possibility of future interest rate cuts and fiscal measures to boost growth in some countries. But it left individual governments to determine the scope and timing of policy changes.

The US was the only country to make a public promise of new action. The statement said President George Bush's State of the Union address tomorrow would announce a comprehensive programme to strengthen growth and competitiveness.

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The US programme would include "measures to improve consumer confidence, incentives for savings and investment, and increased research and development expenditures".

Consistent with a cautious policy approach, the G7 spoke of a "reallocation" rather than an expansion of government spending in some countries, and warned that others such as Italy must focus on reducing their budget deficits. The statement took a similarly careful line on interest rates, advocating reductions in those countries which in future have lower inflation than expected.

German officials made clear that an early cut in the Bundesbank's interest rates was not to be expected.

However, the meeting marked a change of emphasis in favour of stronger growth by the G7. "It is a strong political statement of a consensus to strengthen world economic growth," said a senior US Treasury official, who predicted action by member countries of the group between now and the spring meetings of the International Monetary Fund in April.

The weekend meeting also discussed the economic crisis in the former Soviet Union and developments on exchange markets.

In a characteristicly opaque statement, the ministers agreed "to continue to monitor market developments and to co-operate closely in exchange markets, thus contributing to favourable conditions for stable exchange markets and economic recovery".

The G7 made no mention of specific currencies. Mr Pierre Be're'govoy, the French finance minister, said the lack of mention of the yen, dollar or other currencies meant that current parities suited everybody at the meeting. He indicated that the G7 would keep rates stable "at the levels that you have seen in recent days".

However, the French minister added that he believed there was also potential for the yen to rise gradually against the dollar and European currencies.

Mr Bérégovoy (left), Nicholas Brady, US secretary of the Treasury (centre) and Theo Waigel, Germany's minister of finance, during a break in G7 meetings yesterday

Yeltsin seeks aid promise

By Peter Norman in Garden City, New York, and John Lloyd in Moscow

RUSSIAN president Boris Yeltsin is this week to tell Mr John Major, the British prime minister, that the Group of Seven leading industrial countries must give an immediate commitment to support Russian economic reform or face the collapse of both the government and the reform process.

Mr Yeltsin, who is due to meet Mr Major in London on Thursday, is expected to ask for support of around $10bn to $12bn in order to avert deepening economic chaos throughout the former Soviet Union. Part of the money would be to assist the Russian balance of payments and to provide currency for imports, especially of food, and about $5bn of it would be for a fund to stabilise the rouble.

This is in spite of the view taken by G7 finance ministers and central bank governors at their weekend meeting in Garden City, New York, that it was too early to set up a stabilisation fund to underpin the rouble. They did not, however, rule out such a fund in the future and British and US sides took opposing views on the issue.

Mr Norman Lamont, the UK chancellor of the exchequer, said he raised and pressed the question of a stabilisation fund for Russia in the hope that the G7 would commit itself to providing such a fund at a later date after suitable economic reforms had been carried out

Continued on Page 12

Pledge on missiles, Page 3

Bush will stress growth in policy speech to Congress

By Lionel Barber in Washington

PRESIDENT George Bush will unveil a long-awaited economic growth package tomorrow, as well as deeper cuts in defence spending, in a speech aimed at reviving his sagging popularity.

The anti-recession proposals and the promise of a "peace dividend" are expected to be the centrepiece of his State of the Union address to Congress, the launch-pad for the president's campaign to win re-election in November.

Mr Samuel Skinner, White House chief of staff, said that the speech and the fiscal 1993 budget to be announced on Wednesday will be dedicated to putting the US back to work and "getting government off America's back".

Mr Bush is likely to call for a 90-day freeze on new government regulations. Mr Skinner blamed the environmental restrictions on logging in the Pacific north-west as a prime example of regulations which had cost "thousands of jobs".

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Dr Bush makes faulty diagnosis................Page 28

He is also expected to propose cuts of up to $50bn in defence spending over the next five years in addition to those already contemplated.

The White House has given the State of the Union address advance billing worthy of the Gettysburg Address. It hopes the speech will simultaneously restore public confidence in the economy and mark the turnaround in Mr Bush's fortunes, just three weeks before the key New Hampshire primary election.

Mr Bush, who has promised "long-term" solutions to the economy and disavowed "quick fixes", is nevertheless expected to propose a variety of sweeteners for the middle-income voters who make up most of the electorate.

These are expected to include a personal tax exemption of up to $1,000 per child, a $5,000 tax credit for first-time home-buyers spread over two years, expanded individual retirement and savings accounts, a health tax credit for the poor and middle class, and faster depreciation for business investments.

Mr Bush is also expected to press for a cut in the capital gains tax. The Democrats, however, signalled that the price of passage for this measure in Congress would probably be a tax on the wealthy – which the president opposes.

The State of the Union speech will offer Mr Bush a platform to speak to the Congress and the nation, but in the coming months the Democratic majorities in the House and Senate will determine how many proposals actually pass into law.

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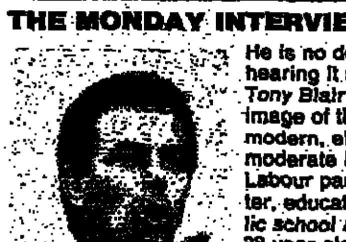
THE MONDAY INTERVIEW



He is no doubt tired of hearing it said, but *Tony Blair is the very* image of the would-be modern, eloquent and moderate British Labour party. A barrister, educated at public school and Oxford, 38-year-old Blair has worked hard to get to this point.
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FORTHCOMING FT SURVEYS

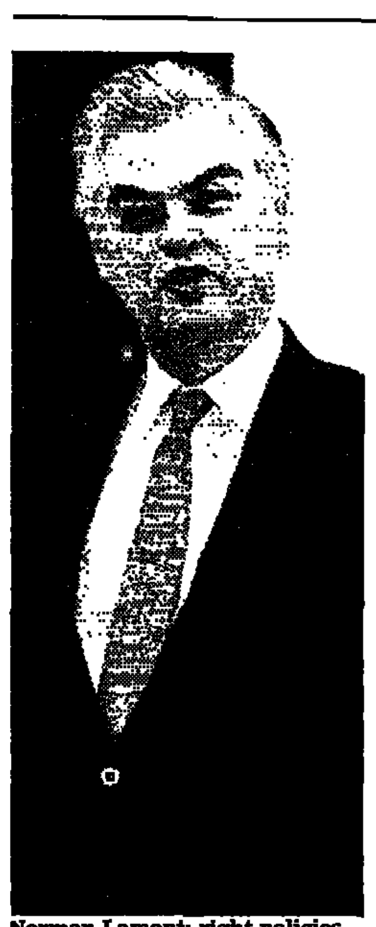
Riyadh. Life returns to normal.

SAUDI ARABIA
Thursday's survey: see details, right.

■ **THURSDAY:**
Saudi Arabia: Saudi oil production has helped to bolster confidence in the economy after the war last year with Iraq.

■ **FRIDAY:**
World Industrial Review: the engines of growth for the world economy have slowed down and this time the downturn may be more than merely cyclical.

■ **FEBRUARY 17:**
Philippines: frustration remains at the inability of weak national leadership to effect significant social and economic change.
Portable Computers: the portable computer - both hand-held and lap-top - is spreading rapidly now that initial technical problems have been solved.



Norman Lamont: right policies are now in place

GROUP OF SEVEN MEETING

Optimism flourishes in Garden City

NOBODY publicly christened the latest statement by the Group of Seven leading industrial nations "the Garden City accord", writes Peter Norman, Economics Correspondent, in Garden City, New York.

But there was little doubt among *the meeting's US hosts that the 7½* hours of talks among finance ministers and central bank governors and the comparatively lengthy 4¼ page communiqué represented a significant improvement on recent efforts at economic policy co-ordination.

Mr Nicholas Brady, US Treasury secretary, *said the US* government had secured an "unequivocal commitment" from the seven to concentrate more on growth. "When you have the finance ministers and central bank governors of the G7 changing their view and changing the way they talk about growth... then that's *a big change," he said.*

His assessment was upstaged by that of Mr Pierre Be're'govoy, France's finance minister. "We have rediscovered the spirit of the Plaza and the Louvre accords," he said, harking back to 1985 when the big industrial democracies agreed at the Plaza Hotel in New York to push down the overvalued dollar and to 1987 when they decided at the Louvre to try to stabilise exchange rates.

The communiqué issued on Saturday was the "most important in years", the French minister said. By making a commitment to do everything they could to accelerate the *recovery of world growth, the G7* had sent a message of optimism to the international community.

Even Mr Norman Lamont, the UK chancellor of the exchequer, who rarely enthuses about such international gatherings, sounded hopeful. It was, he said, a "very successful *meeting indeed" which had reached* agreement that the right policies were in place for resumed growth in G7 countries this year.

The US and French enthusiasm for the meeting was to be expected.

President George Bush faces elections later this year, with his han*dling of the US economy under fire.* Washington has been pressing its main trading partners for nearly a year to adopt more active growth policies and France has been its most constant supporter.

But hyperbole aside, the weekend marked a shift in the policy priorities of the G7. The communiqué stated clearly that the group's members had "agreed to intensify their co-operative efforts to strengthen world economic growth".

However, this does not mean the G7 will embark on reckless expansion. The text stressed efforts should be devoted to achieving "sustainable *growth with price stability over the* medium term."

In policy terms, they decided to hold to the so-called Sinatra doctrine which leaves countries to pursue actions best suited to their own conditions and not move in *lockstep. In some countries this* could mean reallocating public spending to areas that would improve confidence or boost productivity. But such an option would not be open for Italy, for example, because of its large public debt.

The communiqué also held out the *hope of monetary easing in countries* with better-than-expected inflation performance.

Mr Don Mazankowski, Canada's finance minister, said there was scope for monetary easing in Canada. But Mr Yasushi Mieno, governor of the Bank of Japan, said this passage did not refer to his country and Mr Helmut Schlesinger, Bundesbank president, made it clear it was too soon to think of German interest rates falling. As long as German rates stay high, it will be difficult for France and Britain to cut theirs.

Moreover, sceptics can argue that most of what the ministers agreed to do was already in train. While the US pledged in the communiqué it would announce a "comprehensive programme to strengthen growth and competitiveness" in Mr Bush's State of the Union address tomorrow, the sections on the other six countries simply detailed existing *policies.*

In the case of Germany, the text suggested that room might be created for lower interest rates. But this would depend on the fulfilment of a number of conditions, including "a deceleration of the strong growth in money supply and credit demand as well as an easing of wage pressures and regaining price stability".

With German money supply growing at 9 per cent annually in the most recent three months, compared with the Bundesbank's target of 3.5 to 5.5 per cent, and strikes in prospect in support of double digit pay claims, there is little hope of an early easing in monetary policy. Both Mr Theo Waigel, finance minister, and Mr Schlesinger made this clear with a robust defence of their policies.

However, the mood of the meeting was clearly different to recent acrimonious G7 gatherings. Mr Be're'govoy said afterwards there was a "different tone" about the way the German delegation discussed interest rates. "Rome wasn't built in a day and attitudes don't change overnight," he said. But the meeting was "an important step forwards".

A senior US Treasury official said the US expected to see "evidence of action" to promote growth in its G7 partners by the time of the International Monetary Fund's policy-making interim committee meeting in Washington at the end of April. Both Britain and Canada were inhibited from disclosing what action they planned because they were preparing budgets, he suggested.

If action results, it will be a sign the Garden City meeting has put the co-ordination process back on track. But the final judgment on the weekend's events will depend on the millions of consumers and investors in the G7 member countries.

Efforts to bolster the world's economic growth to be intensified

G7 COMMUNIQUE

THIS is a partial text of the communiqué issued by finance ministers and central bankers of the Group of Seven leading industrialised countries.

The finance ministers and central bank governors of Canada, France, Germany, Italy, Japan, the United Kingdom and the United States met on 25 January in New York and agreed to intensify their co-operative efforts to *strengthen world economic* growth.

The ministers and governors expressed their concern that economic activity had weakened since their last meeting. In some countries, early signs of recovery had not been sustained, while other countries were experiencing a deceleration from high rates of growth, jeopardising gains in employment achieved during the last decade and raising the danger of renewed protectionism. Consumer and business confidence has remained weak, thus delaying a resumption of economic activity.

The ministers and governors are convinced, however, that the forces that have been inhibiting economic activity in many countries are dissipating and that the conditions for improved global growth exist. Inflation expectations have eased considerably and, with the exception of some *countries, wage and price pres*sures have been declining markedly. Long-term interest rates have fallen in all countries and, in some cases, substantially. Oil prices have remained stable.

In order to reinforce the recovery process, the ministers and governors agreed that in present circumstances there was a need to intensify their co-operative efforts to improve the conditions for non-inflationary growth in their economies, thereby strengthening the world economy. Ministers and governors accordingly agreed that a stable policy framework should be provided which creates an environment for renewed economic confidence. They believe strongly that the appropriate framework is one of fiscal and monetary policies geared to sustainable growth with price stability over the medium-term. These are the essential conditions for lower interest rates and productive investment that will support the recovery and lead to a reduction in unemployment.

Ministers and governors reconfirmed their commitment to the policy co-ordination process *which has contributed to the good* performance of the world economy in the 1980s. They reaffirmed *the need to raise world savings.* They insisted strongly on the necessity of maintaining open and efficient global markets to assist the economies of both industrial and developing coun*tries. They stressed that a satis*factory conclusion of the Uruguay Round would enhance private-sector confidence and make an essential contribution to global economic growth. It was acknowledged that the completion of the internal market of the EC at the end of this year and the recent decisions in Maastricht would further strengthen fundamentals for economic growth in Europe.

As to economic policies in their respective countries, ministers and governors agreed that each country would implement fiscal, monetary and structural policies to promote the conditions for sustainable growth with price stability. The specific mix of policies would vary depending on the circumstances in each country.

On fiscal policy, ministers and governors noted that in some *countries public expenditure* could be reallocated through targeted measures designed to improve confidence and to enhance productivity. They emphasised the need, however, for countries with large fiscal deficits and high public debt to continue medium-term efforts at fis*cal consolidation as a means of* improving national savings and reducing real interest rates.

On monetary policy, ministers and governors acknowledged the improvement in inflation performance in many countries over the past year.

Monetary policies should be directed to preserving the gains that have been achieved in reducing inflation while providing adequate scope to finance sustainable growth. Those countries which in the future experience better than expected inflation performance may have a basis for an easing of monetary conditions and interest rates without jeopardising the commitment to price stability and exchange rate objectives.

On structural policies, ministers and governors emphasised the *need to continue reforms in order* to reduce rigidities, to strengthen market forces, and to improve the efficiency of their economies and the world economy generally.

The ministers and governors reviewed their economic policies in light of these developments and objectives.

The US will announce in the president's State of the Union address a comprehensive programme to strengthen growth and competitiveness. The programme will include measures to improve consumer confidence, incentives for savings and investment and increased research and development expenditures.

The government of Japan submitted to the Diet the fiscal 1992 budget and the fiscal investment and loan programme aimed at strengthening domestic demand by increased public investment through the central government and local governments.

The Canadian authorities will continue to implement their medium-term policy of deficit reduction and spending control.

The French authorities will continue to pursue an economic policy geared to monetary stability and to non-inflationary growth, more productive in terms of jobs.

In the United Kingdom, with underlying inflation continuing to fall and interest rates down substantially over the past year, the conditions for a resumption of growth have been established. The UK government remains committed to maintaining sterling's parity within the ERM and to moving in due course to the narrow bands; while fiscal policy continues to be set so as to achieve budget balance over the economic cycle.

In Germany, growth is expected to remain solid. Continued policies of medium-term fiscal consolidation, together with a deceleration of the strong growth in money supply and credit demand as well as an easing of wage pressures and regaining price stability could create room for lower interest rates.

Ministers and governors welcome the determination of the Italian government to contain wages in the public sector within the limits of the budget law, and to reduce the size of the government in the economy.

The ministers and governors also reviewed developments in foreign exchange markets. In the context of economic policy co-ordination, they noted that their efforts in recent years had contributed to more stable currency markets. They agreed to continue to monitor market developments and reaffirmed their commitment to co-operate closely in exchange markets, thus contributing to favourable conditions for stable exchange markets and economic recovery.

The ministers and governors discussed the situation in the former Soviet Union and the reform measures recently implemented in some of the independent states. Economic reforms should be formulated and implemented in close co-operation with the International Monetary Fund.

The ministers and governors noted the application for IMF membership by the Baltic States, Russia, Azerbaijan, Ukraine, Kazakhstan and Armenia. They requested the IMF to act expeditiously to finalise by the spring meetings the arrangements needed to complete membership procedures for those states with applications under consideration which are able to meet the conditions for membership.

Clinton: prime time

Clinton to tackle sex claims on television

By Lionel Barber

GOVERNOR Bill Clinton of Arkansas was last night preparing to make a joint appearance with his wife Hillary on prime-time television to answer charges of marital infidelity which have hit his campaign for the Democratic presidential nomination.

The decision is a gamble for Mr Clinton, but the 46-year-old Yale- and Oxford-educated governor has calculated he must lay the accusations to rest if he is to remain a contender for the nomination.

With just three weeks to go until the critical opening primary election in New Hampshire, Mr Clinton is the media-anointed front-runner, better known than his rivals (thanks in large part to the sex-scandal rumours) but more vulnerable to scrutiny and attack.

The Clinton campaign received one welcome piece of news at the weekend; the man whose unsubstantiated allegations formed the basis for tabloid stories that have dogged Mr Clinton's campaign for two weeks said he was dropping the lawsuit in which he made the claims.

Mr Clinton's advisers published a letter from Mr Larry Nichols which stated flatly he had sought to "destroy" Mr Clinton, and that he had no evidence for the charges other than depositions from women named *in the lawsuit.* Mr Nichols was fired in 1988 from a state job for misuse of government telephones.

After the charges first surfaced in the Star, a tabloid newspaper, Mr Clinton, who has admitted that his 16-year-*old marriage has* had difficulties, denied them strenously. This week, the Star said the governor had a 12-year relationship with a former TV reporter in Little Rock.

This prompted Mr Clinton to confront the issue of infidelity *head-on. He has agreed to* appear on CBS immediately after the coverage of the Superbowl football championship. This could attract an audience of 30m or more viewers.

Big newspapers initially played down or ignored the *allegations*, but the *story has* gained momentum as commentators have said the charges go to the heart of the candidate's "character". Mr Clinton's decision to defend his marriage on TV suggests he agrees.

Tokyo minister calls Bush's trip a success

MR Tsutomo Hata, the Japanese finance minister, at the weekend tried to put a good face on Japanese-US relations and called President George Bush's recent controversial trip to Japan a success, AP reports from Garden City, New York.

Mr Bush visited Japan earlier this month with the chief executives of America's leading car makers and other industrialists, to try to get Japan to open its markets. Many Americans saw the trip as humiliating.

But Mr Hata told reporters after the G7 meeting: "I am convinced that in the near future, positive results will emerge" from the visit.

He said that because of the Bush visit the Japanese government told Japanese parts and components makers they should import more products "and not simply emphasise exports of their products".

He called the Americans on the Bush trip "our friends" and said their "candid" opinions were "quite helpful for us".

"I was quite impressed by the important effects of the meetings like this one and in Japan, in seeing and hearing each other directly instead of merely exchanging information and data," Mr Hata said.

He dismissed recent scornful words between the two world powers as the views of a minority. He warned that if the acrimony continued, "the valuable discussions that took place between [President Bush and Mr Kiichi Miyazawa, the Japanese prime minister] would have been wasted."

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INTERNATIONAL NEWS

Yeltsin pledge to direct missiles away from US

By John Lloyd in Moscow and Lionel Barber in Washington

MR BORIS Yeltsin, the Russian president, has promised to change the guidance system of the former Soviet intercontinental ballistic missiles so they no longer target the US.

"We want to change our military doctrine and no longer regard the US as our potential adversary," Mr Yeltsin said in an interview with ABC TV, filmed over the weekend and to be broadcast on Friday.

The Russian president did not say whether other nuclear states – such as France, the UK and China – were also no longer seen as hostile, nor did he specify to what targets the missiles would be redirected.

In the US, President George Bush is expected to propose deep new cuts in nuclear warheads in his State of the Union address to Congress tomorrow. He is also expected to discuss the plans with Mr Yeltsin at Camp David next weekend.

The US cuts are likely to focus on multi-warhead missiles at land and sea, with one option being to scale back the number of warheads on each missile and phase out other systems such as the land-based MX peacekeeper.

The administration is also leaning towards abandonment of the Anti-Ballistic Missile Treaty, the 1972 treaty signed with the former Soviet Union which laid down strict guidelines on the development and deployment of defences against offensive nuclear missiles.

A team of US nuclear arms experts led by a senior state department official visited Moscow last week and asked Russia and other nuclear-armed republics to adhere to the Start treaty signed last year which cuts offensive warheads by 30 per cent, but made no mention of the ABM treaty, the Washington Post reported.

'We want to change our military doctrine, and no longer regard the US as our potential adversary.'

The break-up of the Soviet Union and the risks of nuclear proliferation have generated fresh support in the US for scaling back offensive systems and strengthened defences. This marks a shift in old nuclear doctrine.

Mr Yeltsin said during the TV interview at the weekend that an official statement on the change of direction for intercontinental missiles would be made today, and would be repeated when Mr Yeltsin appears before the UN Security Council on Friday.

Senior military figures and foreign policy analysts in Moscow have complained that the cuts in arms and defence procurement made by the Russian budget – passed by deputies in the Russian parliament on Friday – has left the Commonwealth of Independent States (CIS) and Russia with no coherent military doctrine.

Mr Yeltsin has stressed in meetings with the British and French foreign ministers that the nuclear forces of the CIS are under a single unified command, and that he, together with Marshal Yevgeny Shaposhnikov, commander-in-chief of the CIS forces, have the final decision on their use.

The strategic and tactical missiles based in other republics are due to be sent back to Russia, or destroyed in situ, over the next few years. Mr Leonid Privalov, deputy chairman of Belarus's parliamentary Commission of National Security, said yesterday that the first batch of tactical missiles had already been sent to Russia.

Mr Privalov said: "Belarus will get rid of its strategic weapons around 1996 or 1997... at present we do not see an adversary, either near our borders or elsewhere, with whom we would need to fight."

A protester in Red Square, yesterday, holds a placard reading : 'Return the Red Flag to the top of Kremlin'

Cresson, Mitterrand see poll ratings rise

By Alice Rawsthorn in Paris

THE STEADY fall in popularity of France's President François Mitterrand has apparently halted as both he and Mrs Edith Cresson, the prime minister, experienced a rise in their opinion poll ratings.

The latest Ifop poll, published in yesterday's Journal du Dimanche, shows that 26 per cent of voters are satisfied with Mr Mitterrand's performance, compared with just 22 per cent in December, when he registered the lowest rating of any president in the history of the Fifth Republic. This increase is the first rise in his ratings after nine successive months of decline.

Mrs Cresson, a controversial figure since she became prime minister last spring, has also benefited from a slight improvement in popularity. The proportion of voters who said they were satisfied with her rose to 23 per cent from 20 per cent a month ago.

Both Mr Mitterrand and Mrs Cresson seem to have arrested their sliding popularity by winning the approval of previously ambivalent voters, rather than by converting their critics. Most voters still claim to be dissatisfied with them. The president's dissatisfaction rating has fallen by just two points to 63 per cent over the past month and that of the prime minister by one point to 56 per cent.

This swing in the opinion polls is not strong enough to affect the political prospects of France's Socialist party as it prepared to fight the regional elections this year and next year's national elections. However, it does reflect the lowering of the political temperature in France, where the Socialists have tried to highlight wider issues such as immigration.

On Saturday some senior government figures – including former prime ministers Mr Michel Rocard and Mr Laurent Fabius, recently appointed head of the Socialist party – joined more than 50,000 demonstrators in an anti-racist march through Paris.

Unions begin vote on German steel and bank strikes

By Quentin Peel in Bonn

VOTING began yesterday in the strike ballot of 100,000 trade union members in the German steel industry to decide whether to call their first stoppage since 1979.

One of the two big unions in the German banking industry will also decide today whether to hold a similar strike ballot, after the breakdown of wage negotiations last week.

The threat of the two strikes, combined with the prospect of a stormy pay negotiation opening in February for the 3m government workers and a hefty pay claim from 4m engineering workers, leaves Germany facing its most troubled industrial relations period in recent years.

Officials in IG Metall, the union representing both the steel and engineering workers, insisted over the weekend the mood was running strongly in favour of a steel strike.

Wage negotiations in the industry broke down after nine sessions, with the difference between the employers and unions reduced to barely 1 percentage point: according to various calculations, IG Metall was ready to settle for 6.5 per cent, down from the 10.5 per cent original claim, while the employers are offering between 5.3 and 5.7 per cent.

A 75 per cent vote is needed in the ballot to call a strike.

Wage negotiations for banking workers broke down last Wednesday, and today the white-collar workers' union, DAG, will decide whether to hold a strike ballot. The HBV, the other trade union representing banking workers, is also threatening a ballot, rejecting the bank employers' latest offer of five per cent as "outrageous" after a year of record banking profits.

Negotiations for government workers begin on February 7. They want a 9.5 per cent rise, the figure recommended by IG Metall to regional branches as the maximum demand for engineering workers.

Mr Theo Waigel, finance minister, whose increased taxes to finance German unity have helped fuel the wage demands, warned trade unions that any stoppage would be "a blow to the economic re-unification of Germany".

Dublin gears up for a leadership contest

By Tim Coone in Dublin

MR Charles Haughey, the Irish prime minister, is expected to announce his resignation on Thursday, following last week's ultimatum from his Progressive Democrat coalition partners to restore the credibility of the government or lose their support.

Backbenchers in Mr Haughey's Fianna Fail (FF) party expect him to announce that he will step down as party leader at a meeting of the FF parliamentary group on Thursday, the day after the presentation of the 1992 budget.

There are three main contenders to succeed Mr Haughey. Mr Albert Reynolds, a former finance minister, is the strongest. He was sacked by Mr Haughey last November after leading an attempt to oust the prime minister. He has strong backbench support, although many of his former cabinet colleagues are likely to oppose him, as will Mr Haughey himself. Mr Reynolds said last week he intended to be a candidate "once the prime minister's post is vacant".

Mr Bertie Ahern, who replaced Mr Reynolds in the Finance Ministry, would be Mr Haughey's preferred choice. He commands respect in the party as an able negotiator, and is trusted by the country's trade union leaders. Mr Ahern may be seen as the best candidate to steer the economy through a difficult year ahead. However, he has consistently disavowed any leadership ambitions. He said he would make his intentions known "before Thursday's vote".

Mrs Mary O'Rourke, the minister for health, is the only other serious contender to have emerged since the leadership issue came to the fore at the end of last year. Mrs O'Rourke is seen as a strong reformer on social issues and could win support from an electorate that increasingly sees Irish legislation on issues such as divorce and women's rights as outdated.

Mr Haughey's succession will hinge on whether Mr Ahern decides to stand himself, or to back one of the other contenders.

Intense lobbying can be expected, in which Mr Haughey will play a central role.

The possibility of Mr Haughey deciding to fight on as prime minister cannot be ruled out. He could ask the president, Mrs Mary Robinson, to dissolve the government after the budget is approved, and call a snap general election.

There is considerable resentment within Fianna Fail that the Progressive Democrats have been able to force the leadership issue in Fianna Fail by threatening to pull out of the government. The PDs hold only six seats in parliament, against Fianna Fail's 77.

Fianna Fail backbenchers, especially those in marginal seats, would rather not face an immediate election. The party could lose support because of its failure to deal decisively with its internal problems.

"We could expect to lose at least eight seats," said one backbencher. "A general election must be avoided."

If Mr Haughey resigns, the coalition government could hope to hold together until the next general elections, which must be held before June 1994.

Envoy tests water for Yugoslavia peace force

By Laura Silber in Belgrade

A SPECIAL envoy of the United Nations yesterday began a five-day mission in Yugoslavia to determine whether it will be possible to deploy 10,000 peacekeepers.

Mr Marrack Goulding, UN under-secretary in charge of peacekeeping forces, will decide whether the 23-day-old UN-brokered ceasefire is stable enough for peacekeeping forces to enter Croatia's war zones.

The ceasefire yesterday appeared to be holding in most battle zones. Croatian radio said a three-year-old Croatian boy was killed when a bomb exploded in Karlovac, central Croatia. Serbian media reported sporadic shooting in eastern Croatia and in Zadar, an Adriatic port.

During his mission, Mr Goulding, a Briton, will talk to Serb leaders from Krajina, a Serb enclave in Croatia, who oppose the UN plan calling for the Serb-dominated federal army to withdraw from Croatia. He will also meet federal, Serb and Croat government officials and army leaders.

In a sign of the economic devastation caused by the seven-month-old war, the Yugoslav dinar, the national currency, was devalued yesterday by 80 per cent. The Serb-controlled federal government said the new rate would be 65 dinars, instead of 13, to DM1, reported Tanjug news agency. The new rate is closer to the thriving black market rate of up to 110 dinars.

R-R faces US challenge over jet trainer engine

By Paul Betts, Aerospace Correspondent, in St Louis

ROLLS-ROYCE is facing a challenge from Garrett, the US aero-engine maker, for a slice of the £400m business to power the US Navy's new T-45 Goshawk jet trainer built by McDonnell Douglas and BAe.

The UK engine maker is providing its Adour engine, jointly produced with Turbomeca of France, for the T-45 programme. The first T-45 aircraft, a modified version of BAe's Hawk trainer, was rolled out at McDonnell-Douglas' St Louis plant last Thursday.

The US Navy needs 268 T-45 aircraft, which, with a complete training and support system, represent about $4.5bn (£2.5bn) worth of business for the partners in the programme. These include McDonnell-Douglas, the prime contractor; BAe, principal airframe subcontractor; Rolls-Royce, the engine supplier; and Hughes, providing the simulators.

The programme is one of the biggest Anglo-US collaboration ventures in military aircraft, at a time of decline in the defence aerospace sector. Rolls-Royce and Turbomeca seemed secure as the engine suppliers for the T-45. But Garrett has proposed supplying a new version of its F-124 turbofan as an alternative to the Rolls-Royce-Turbomeca Adour engine.

Garrett's proposal is to introduce the F-124 engine variant it is considering developing for the US Navy's new trainer on the T-45 production line from the 97th aircraft by mid-1996.

Rolls-Royce successfully fought off an earlier attempt a few years ago by Garrett controlled to develop an engine for the Hawk in competition with the Adour. While not under-estimating the latest challenge, the UK company appears confident it will again be able to fend off its US competitor on the T-45 programme.

Mr David Marshall, commercial director for Rolls-Royce military engines, said one of the big advantages of the Adour engine was its proven track record. He confirmed that the T-45 programme was expected to lead to £200m in engine sales for the Rolls-Royce-Turbomeca Adour partnership and a further £200m in spares and support.

France has shown interest in the new US Navy trainer. BAe and McDonnell Douglas have put a proposal to the French Navy including an option to supply 40 T-45 aircraft with another, involving 15 aircraft. Under heavy defence budgetary pressures, Paris is unlikely to take a decision before next year.

Phones venture in Poland

SIEMENS, the German electronics company, is to supply Poland with switching equipment for 12 exchanges financed under a $120m (£66.2m) World Bank loan designed to modernise the country's telephone system, writes Christopher Bobinski in Warsaw.

Siemens will work with Poland's ZWUT telecommunications equipment plant in a joint venture called Cewis. The contract is worth DM58m (£20.2m). Siemens is already installing switching equipment for an international link as well as local exchanges in Silesia under a DM108m deal.

New push to end impasse on Efta-EC treaty

FRESH efforts will be made in Brussels today to break the judicial deadlock that is the only remaining obstacle to signing of the European Economic Area (EEA) treaty, creating a 19-nation common trading zone, David Buchan reports from Brussels.

The European Court of Justice threw the EEA deal into doubt last month by effectively striking down the agreement on a mixed EEA court, composed of European Court and European Free Trade Association (Efta) judges. Such a court would pre-empt the European Court in interpreting Community law, it said.

EC and Efta negotiators have failed to find a compromise legally acceptable to the EC and politically tolerable to Efta states. The deadlock arises from the EC's view that the only way in which laws governing the 19-nation zone can be kept uniform is for its own court to predominate in disputes. Efta states have resisted rule by foreign judges.

Efta negotiators will today offer a compromise. They will propose that the Luxembourg court deal with all competition cases involving EC and Efta companies or where any sizeable business turnover in the EC is concerned. This would be the majority of competition cases in the EEA zone. Purely Efta cases would be dealt with by a new Efta court.

Efta also proposes that all disputes arising out of those EEA laws special to the pact, not just a mirror reflection of EC legislation, should be subjected to outside arbitration.

Such special provisions include exemptions and transition periods for Efta countries to adjust to standard EC rules which will be the basis of the EEA arrangement.

A first bid to resolve the issue failed earlier this month.

Single market spells a re-think on logistics

Technical aspects of European business are more vital than ever, **Andrew Baxter** writes

THE EUROPEAN MARKET

ON two floors of a 300-metre-long building in a busy industrial district of Frankfurt, hundreds of workers shift thousands of items daily from racks to trolleys, from trolleys to a moving multi-decked box rack, and from boxes into parcels.

The building is where Neckermann, one of Germany's big three mail-order companies, sorts out and packs the contents of 130,000 parcels a day. Large mail-order companies have been using similar methods for 30 years.

But not for much longer, at least at Neckermann. A team from Miebach Logistics, one of Europe's largest logistics consultancies, has completed a feasibility study which could lead to the introduction of a new, faster item-picking process using modern computerised machinery.

It is one example of how the dramatic changes in the European market are prompting an increased interest in logistics among manufacturers – Neckermann is a "manufacturer" of parcels, every one of which is different.

One of the most important driving forces is the single market, which is encouraging many companies to think for the first time not only about pan-European manufacturing and marketing, but also about more humdrum but equally essential issues such as warehousing, organisation and distribution.

Alternatively, as in Neckermann's case, it is the reunification of Germany which has prompted a fresh look at many aspects of its logistics policy. As European industry moves into the later stages of its planning for the single market, the more technical aspects of pan-European business are assuming a new significance.

'Warehouse technology and robotics have been developing so fast that companies which may rarely be making big decisions on logistics need a helping hand'

Many of the companies that have decided they want or need to be pan-European players will already have made the key acquisitions and reorganised manufacturing accordingly, but that in turn requires nitty-gritty decisions on logistics. At the same time, the single market is prompting changes in transport methods throughout Europe, and the logistics consultancies stand ready to advise manufacturers of the possibilities.

On the Continent, for example, third-party distribution is much less developed than in the UK. Companies such as Caterpillar Logistics Services, part of the US construction equipment group, are experiencing growing demand on the continent for a sophisticated service covering all a client's needs.

At first glance it might seem odd that logistics consultancies should be thriving ahead of the single market. Companies which have spent heavily, and confidently, on acquisitions or greenfield site investments ought to be able to site and equip a warehouse and hire a truck fleet, one would have thought.

Not so, says Mr Joachim Miebach, founder of the company that bears his name and one of the key figures in European logistics consultancy. Warehouse technology and robotics have been developing so fast that companies which may rarely be making big decisions on logistics need a helping hand.

Miebach: key figure in logistics consultancy

And as companies' European business expands in size and scope, the need for further investment in logistics technology increases accordingly.

"In logistics, there are no economies of scale; large companies are no faster than small businesses. They need technology to offset the complexity of their larger operations," he says.

Consequently, there is plenty of work around. The large broad-based consultancy companies are often used to advise on distribution network locations, while the German-dominated warehouse equipment industry also has consultancies. In between are a number, such as Miebach in Germany and Haden Technology in the UK, with differing approaches to technology and to clients' logistics strategy, but no axe to grind on equipment.

Haden, based in Letchworth, Hertfordshire, has yet to see much benefit from the single market but has recently done design warehouse work for third-party distribution companies that need to keep an eye on 1992 and their clients' changing priorities. It is actively looking overseas from a UK base, and has formed a number of business associations in Europe.

Miebach, meanwhile, has worked for years with large companies such as SKF, the Swedish bearings group, for which Europe was an important market long before the idea of the single market was born.

Mr Miebach says most companies have had ideas about European distribution already, but these were usually restricted to existing national borders.

As the single market approaches, companies have become aware that "there must be something beyond this," he says.

As long as sales companies are organised on a national basis – a situation which could well continue in the single market because of language and legislative factors – logistics has never had an independent role to play.

But this trend is now changing, albeit fairly slowly. A typical move was Duracell International's announcement on January 2 of a new battery parts distribution centre in Belgium, to replace existing national warehouse operations in the UK, Benelux, Germany and France.

The key question for which consultants need an answer from clients is: "How good does your logistics have to be to remain competitive in the single market?"

From this, a total logistics strategy can be drawn up, leading to specific recommendations on transport, warehousing, stock management and production logistics.

That might lead to the choice of a single warehousing site, but could equally involve more than one, or a combination of central and national locations, depending on the business and its priorities.

Miebach was brought in at Benckiser, the acquisitive German detergents group which expanded into cosmetics, and into southern Europe, in the late 1980s as part of its pre-1992 strategy.

The task was to establish whether it made sense for cosmetics and detergents to share the same distribution network. Eventually, the decision was taken to build two warehouses in Barcelona and Wiesbaden to serve the European cosmetics market.

Naturally, the more ambitious logistics consultants such as Miebach are filling out their own pan-European networks to exploit the single market more effectively – as well as to take better advantage of German reunification.

Logistics consultancies, too, have their own logistical challenges.

INTERNATIONAL ECONOMIC INDICATORS: **NATIONAL ACCOUNTS**

Figures for GNP/GDP are in billions of European currency units (Ecu). The first breakdown is in current prices and the second shows growth rates in the constant price series.

UNITED STATES

CURRENT PRICES	Gross National Product	Private Cons. (as a % of GNP)	Private Invest. (as a % of GNP)	Govt. Spend. (as a % of GNP)	Net Exports (as a % of GNP)
1984	4,817.8	64.7	18.9	18.4	−2.7
1985	5,317.6	65.8	17.6	19.1	−2.9
1986	4,349.2	66.6	16.8	19.5	−3.1
1987	3,937.7	67.2	16.5	19.4	−3.1
1988	4,147.8	67.2	16.2	18.7	−2.2
1989	4,763.7	67.0	16.0	18.5	−1.6
1990	4,334.6	67.7	14.5	18.9	−1.3
4th qtr.1990	4,071.0	68.3	13.4	19.2	−1.4
1st qtr.1991	4,177.2	68.2	12.6	19.4	−0.7
2nd qtr.1991	4,777.2	68.3	12.5	19.3	−0.3
3rd qtr.1991	4,879.1	68.5	13.0	19.0	−0.7

CONSTANT PRICES (% growth in)	GNP	Cons.	Invest.	Govt.	Imports
1984	6.0	4.8	26.4	3.1	25.0
1985	2.9	4.4	−1.5	6.1	6.3
1986	2.8	3.6	−1.5	5.2	6.5
1987	3.0	2.8	1.9	3.0	4.6
1988	4.0	3.6	3.2	0.6	3.7
1989	2.4	1.9	2.0	1.5	3.7
1990	1.1	1.2	−5.7	3.2	2.2
4th qtr.1990	0.2	0.3	−10.6	3.2	−0.4
1st qtr.1991	−1.0	−0.5	−13.0	2.3	−3.8
2nd qtr.1991	−1.1	−0.2	−14.3	1.7	−1.2
3rd qtr.1991	−0.8	−0.3	−9.7	0.9	1.6

JAPAN

CURRENT PRICES	Gross National Product	Private Cons. (as a % of GNP)	Total Invest. (as a % of GNP)	Govt. Cons. (as a % of GNP)	Net Exports (as a % of GNP)
1984	1,608.6	59.4	28.0	9.8	2.9
1985	1,780.1	58.7	28.0	9.5	3.7
1986	2,033.6	58.3	27.7	9.6	4.3
1987	2,102.0	58.4	28.4	9.4	3.8
1988	2,465.7	57.6	30.4	9.1	2.9
1989	2,625.2	57.3	31.5	9.1	2.1
1990	2,328.4	57.0	32.6	9.0	1.4
4th qtr.1990	2,449.7	56.4	32.9	9.4	1.3
1st qtr.1991	2,503.5	56.0	32.6	9.0	2.3
2nd qtr.1991	2,776.4	56.3	32.2	9.1	2.4
3rd qtr.1991	2,850.4	56.9	32.0	8.7	2.4

CONSTANT PRICES (% growth in)	GNP	Cons.	Invest.	Govt.	Imports
1984	4.3	2.8	5.6	2.7	10.6
1985	5.1	3.3	6.5	1.7	−0.9
1986	2.7	3.4	4.3	4.5	0.6
1987	4.3	4.2	8.2	0.4	10.5
1988	6.3	5.2	14.2	2.2	21.3
1989	4.8	4.3	9.6	2.0	22.1
1990	5.3	4.3	8.6	1.9	12.0
4th qtr.1990	4.7	2.3	7.5	3.0	3.0
1st qtr.1991	5.9	2.7	8.3	3.6	−1.6
2nd qtr.1991	4.5	2.1	3.5	4.0	−7.2
3rd qtr.1991	4.1	2.9	2.2	3.5	−1.3

GERMANY

CURRENT PRICES	Gross National Product	Private Cons. (as a % of GNP)	Total Invest. (as a % of GNP)	Govt. Cons. (as a % of GNP)	Net Exports (as a % of GNP)
1984	786.9	56.8	20.1	19.9	3.2
1985	825.5	56.4	19.5	19.9	4.1
1986	911.2	55.0	19.5	19.7	5.7
1987	967.7	55.3	19.2	19.8	5.6
1988	1,015.8	54.7	20.0	19.6	5.8
1989	1,085.2	54.0	20.9	18.7	6.4
1990	1,182.7	53.5	21.9	18.2	6.4
4th qtr.1990	1,207.8	53.4	22.9	17.6	6.2
1st qtr.1991	1,251.5	52.7	22.6	17.5	7.2
2nd qtr.1991	1,271.6	52.6	23.2	18.1	6.1
3rd qtr.1991	1,288.7	52.5	22.6	18.0	6.9

CONSTANT PRICES (% growth in)	GNP	Cons.	Invest.	Govt.	Imports
1984	3.0	1.5	2.1	2.5	5.4
1985	2.1	1.5	−0.7	2.0	5.3
1986	2.2	3.5	3.9	2.5	3.3
1987	1.4	3.3	1.2	1.5	3.9
1988	3.5	2.5	7.5	2.2	5.4
1989	3.8	2.0	8.5	−1.6	8.7
1990	4.7	4.5	9.8	2.1	12.5
4th qtr.1990	5.3	3.8	9.1	0.4	14.6
1st qtr.1991	5.2	4.0	11.6	−0.4	16.1
2nd qtr.1991	4.3	3.5	8.9	−0.4	15.8
3rd qtr.1991	1.9	0.7	7.8	0.5	14.1

FRANCE

CURRENT PRICES	Gross Domestic Product	Private Cons. (as a % of GDP)	Total Invest. (as a % of GDP)	Govt. Cons. (as a % of GDP)	Net Exports (as a % of GDP)
1984	634.8	60.5	19.0	19.9	0.7
1985	691.8	60.8	18.9	19.6	0.7
1986	746.1	60.2	19.6	19.2	1.0
1987	770.4	60.6	20.2	19.1	0.1
1988	813.5	60.0	21.2	18.8	0.1
1989	874.5	59.7	21.9	18.3	0.2
1990	937.0	60.0	21.8	18.3	−0.0
4th qtr.1990	943.3	60.4	21.4	18.5	−0.4
1st qtr.1991	947.7	60.3	21.6	18.6	−0.5
2nd qtr.1991	962.9	60.2	20.9	18.5	0.4
3rd qtr.1991	976.0	60.4	21.0	18.4	0.1

CONSTANT PRICES (% growth in)	GDP	Cons.	Invest.	Govt.	Imports
1984	1.3	1.1	−2.5	1.1	2.7
1985	1.9	2.4	2.8	2.3	4.5
1986	2.5	3.9	8.8	1.7	7.1
1987	2.3	2.9	5.1	2.8	7.7
1988	4.2	3.4	8.7	2.9	8.7
1989	3.9	3.2	7.3	0.2	8.2
1990	2.8	3.1	3.5	3.1	6.4
4th qtr.1990	1.8	2.7	−1.1	3.2	3.7
1st qtr.1991	0.7	1.6	2.4	2.8	4.0
2nd qtr.1991	1.4	1.2	−2.2	3.3	2.9
3rd qtr.1991	1.3	1.6	−2.8	3.0	4.7

ITALY

CURRENT PRICES	Gross Domestic Product	Private Cons. (as a % of GDP)	Total Invest. (as a % of GDP)	Govt. Cons. (as a % of GDP)	Net Exports (as a % of GDP)
1984	526.4	62.3	23.0	16.5	−1.8
1985	563.3	62.7	22.5	16.7	−1.9
1986	613.9	62.4	20.7	16.5	0.4
1987	655.0	62.5	20.7	17.0	−0.3
1988	704.7	61.9	21.4	17.3	−0.8
1989	787.2	62.0	21.6	17.0	−0.7
1990	854.6	64.3		17.0	−0.5
4th qtr.1990	878.0	70.3	13.6	16.8	−0.7
1st qtr.1991					
2nd qtr.1991					
3rd qtr.1991					

CONSTANT PRICES (% growth in)	GDP	Cons.	Invest.	Govt.	Imports
1984	3.0	2.1	10.1	2.5	7.3
1985	2.6	3.1	1.5	3.5	3.9
1986	2.5	3.8	−0.2	2.9	3.8
1987	3.0	4.2	6.7	3.7	3.3
1988	4.2	4.1	7.8	2.8	4.8
1989	3.2	3.8	4.0	0.5	10.1
1990	1.9	2.7	0.4	1.0	6.7
4th qtr.1990	1.1	2.8	−4.2	0.9	6.0
1st qtr.1991	0.8	2.9	−8.4	1.0	1.4
2nd qtr.1991	1.6	2.8	−3.3	1.0	2.8
3rd qtr.1991	1.0	2.7	−5.4	1.0	5.5

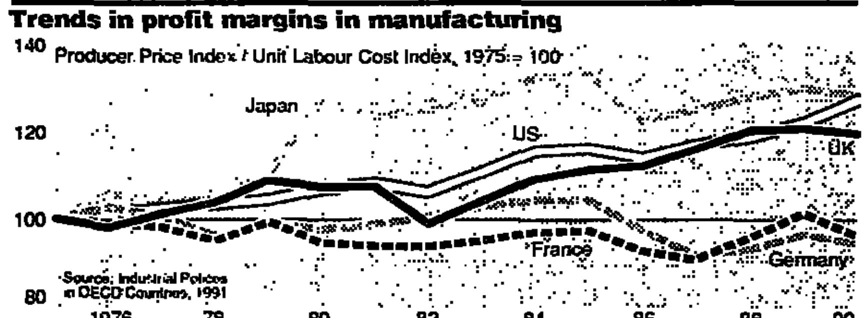
UNITED KINGDOM

CURRENT PRICES	Gross Domestic Product	Private Cons. (as a % of GDP)	Total Invest. (as a % of GDP)	Govt. Cons. (as a % of GDP)	Net Exports (as a % of GDP)
1984	549.5	61.4	17.3	21.5	−0.2
1985	604.3	61.1	17.2	20.7	0.9
1986	571.1	63.0	17.0	20.7	−0.7
1987	597.2	62.9	17.9	20.3	−1.1
1988	703.3	63.9	20.1	19.6	−3.6
1989	758.9	63.9	20.6	19.4	−3.9
1990	769.6	63.4	19.1	19.9	−2.5
4th qtr.1990	790.0	63.7	17.5	20.4	−1.5
1st qtr.1991	792.4	64.1	16.4	20.8	−1.3
2nd qtr.1991	826.8	63.3	15.6	21.3	−0.3
3rd qtr.1991	834.3	63.8	15.5	21.3	−0.6

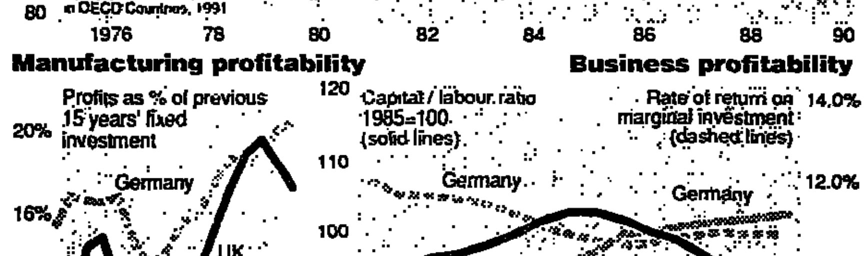
CONSTANT PRICES (% growth in)	GDP	Cons.	Invest.	Govt.	Imports
1984	1.6	1.6	7.8	1.0	9.9
1985	3.7	3.5	3.5	0.0	2.6
1986	4.0	6.2	2.2	1.8	6.9
1987	4.6	5.2	10.2	1.2	7.8
1988	4.2	7.4	17.1	0.6	12.3
1989	2.3	3.5	4.7	0.9	7.4
1990	1.1	1.0	−5.7	3.0	1.0
4th qtr.1990	−0.8	−0.6	−8.3	2.8	0.5
1st qtr.1991	−2.2	−0.9	−16.8	2.3	−5.2
2nd qtr.1991	−3.6	−3.1	−18.6	1.7	−4.9
3rd qtr.1991	−2.2	−2.3	−11.5	1.3	−1.1

Seasonally adjusted data used in all cases. Statistics for Germany apply only to western Germany. GNP/GDP is broken down into private consumption expenditure, investment (the sum of gross fixed capital formation and the change in stocks), general government final consumption, and net exports (exports of goods and services minus imports of goods and services). The US includes investment by government in the government series rather than under investment. Quarterly GNP/GDP totals are annualised. The growth rates are the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. The figures in the fifth column of each set of growth rates refer to import volumes. Data supplied by Datastream and WEFA from national government sources.

Trends in profit margins in manufacturing



Manufacturing profitability / **Business profitability**



Why British business remains relatively unprofitable

THERE IS no doubt that the profitability of UK business has fallen sharply since the recession began; and little doubt that it has fallen further than in most other large industrial countries. But rather than dwell on the current gloom, this is a good time to re-examine the relative profitability of British businesses over the past decade.

Ostensibly the 1980s do not look too good, as was pointed out here in August (*Business profitability and the incentive to invest, August 12 1991*). According to the OECD, the UK had the lowest average gross pre-tax rate of return on capital in the 1980s and the lowest share of profits in value-added among the six largest economies. Little wonder that it also had the lowest annual rate of growth of investment. Nor were the 1980s notably better for British business than the previous decade: the UK average rate of return was 9.5 per cent in 1980-87, just 0.2 percentage points up on 1975-79, while the G7 average remained unchanged at 14.6 per cent.

Yet the Confederation of British Industry will argue in this week's Economic Situation Report that the recent record of British industry is more encouraging than this cursory glance at the evidence suggests. Both anecdotal evidence and figures from the UK Central Statistical Office, it asserts, show that UK profitability rose markedly in the 1980s. The upper chart, from the OECD, plots an index of the mark-up of output prices over unit labour costs, which indicates changes in the profit margins of manufacturing industry, accounting for around a quarter of the business sector. UK margins do appear to have risen faster than in France or Germany since 1980.

How can we account for the discrepancy between this evidence and the OECD's measures of rates of return? The OECD calculates the latter by dividing the gross operating surplus in each year by national estimates of the value of the capital stock. But British estimates of the average life of UK machines and buildings are up to twice as high as in other countries. So the estimated UK capital stock is inflated and the average rate of return is depressed.

This difference in national practice may explain why measured rates of return in the UK are lower than in other countries; but it does not explain why the UK has failed to make up more of the ground in the 1980s – unless these international differences in estimated capital lives have grown mysteriously. Moreover, the OECD removes North-Sea-oil-related capital from the total UK capital stock, but not North Sea profits. So the rate of return it calculates for the UK may even be too high.

The CBI is not deterred: what matters is not the return on old capital but the return on new investments. For this reason, Mr Andrew Sentance and Mr Duncan McKenzie of the CBI have divided the gross operating surpluses of British and German manufacturers by the cumulative totals of real investment over the previous 15 years. Their results are shown in the lower-left chart. The profitability of new UK manufacturing investment did rise rapidly between 1980 and 1988, though it exceeded the return on German investments only briefly.

The OECD has also calculated the marginal return on business sector investments, using an econometric model. It also finds that the return on new UK investments in the 1980s rose faster than in all the other G7 countries but remained absolutely lower. Interestingly, the OECD also finds that the capital-labour ratios of every country, save the UK, remained approximately stable in the 1980s. So investing in these six countries became more profitable because the same mix of machines and workers was being used more efficiently.

In the UK, the rise in the return to new investment has been accompanied by a relatively sharp drop in the capital-labour ratio. Investing in the UK became more profitable in the 1980s not only because capital and labour were being used more effectively but because capital became relatively scarce. By investing in labour-intensive service industries, companies could obtain a higher return from a smaller capital investment. So higher profitability was partly a product of the UK's relatively low rate of business investment in the 1980s.

Edward Balls

INTERNATIONAL NEWS

Anxious Asean leaders tighten economic knot

Victor Mallet on plans to set up a south-east Asian free-trade zone

SIX south-east Asian leaders are expected to sign an agreement in Singapore tomorrow on a mutual reduction of tariffs aimed at creating a free-trade area within 15 years.

The pact, worked out for this week's summit of the Association of South East Asian Nations (Asean), which embraces a population of 320m, owes as much to fears of rising protectionism in world markets as to the regional trend towards economic liberalisation.

Asean leaders – from Indonesia, Thailand, Malaysia, the Philippines, Singapore and Brunei – are worried the Uruguay Round of trade talks will fail and that their export-dependent economies could be left out in the cold by trade blocs such as the European Community and the North American free-trade area.

Mr Goh Chok Tong, Singapore's prime minister, said at the weekend that the Asean free-trade area (Afta) would make the region more attractive for trade and investment in the face of competition from Europe and America.

The draft Asean agreement calls for a system of common effective preferential tariffs (Cept) for intra-Asean trade to be introduced on January 1 1993, starting with manufactured goods, processed agricultural products and capital goods and leading to the Asean free-trade area, with tariffs of 0-5 per cent within 15 years.

More than 12 sectors – including cement, electrical items, textiles, rubber and plastic goods and vegetable oil – have been earmarked for the first stage, which is expected to set initial intra-Asean tariffs for the products at 20 per cent or less.

Sceptics point out that Asean is already operating preferential tariff arrangements which have been notable for their half-heartedness and lack of success. The latest proposals continue to include an opt-out clause known as "six minus x" allowing individual countries temporary exemptions.

The private sector, in the form of the Asean Chambers of Commerce and Industry, has expressed concern over non-tariff barriers and the exclusion of services from the Afta proposals. But businessmen and officials believe fear of protectionism in foreign markets and continuing liberalisation in individual Asean states will be sufficient to ensure progress.

Trade within Asia as a whole is thriving, but intra-Asean dealings have done no more than maintain a 4-5 per cent share of the association's growing international trade, if Singapore and its huge re-export trade is excluded, leaving its members vulnerable to external shocks.

Mr Anand Panyarachun, the Thai premier who has vigorously promoted Afta and wants it implemented in 10 years rather than 15, says: "The actual level of intra-Asean trade and intra-Asean investment has not risen significantly in the last 20 years.

"Now we find access for our exports to markets abroad being not as open as before. At the same time our industries have matured and become more competitive internationally, and this has led us to be more confident about pursuing policies of economic liberalisation."

Mr Lee Hsien Loong, Singapore's trade and industry minister, put the case for regional tariff cuts in a statement last week. "If a company in one Asean country cannot compete against other Asean countries," he said, "what hope does it have on world markets, where the competition is much fiercer?"

Asean would prefer multilateral world trade liberalisation under the auspices of Gatt, and Asean officials last week shelved a controversial Malaysian proposal for an East Asian economic caucus which would have excluded the US. But, as one minister said, the idea is being put in a "glass case" from which it can be removed if a battle of the trade blocs begins.

Philippine President Corazon Aquino reviews an honour guard yesterday on arrival in Singapore for the Asean summit

Aquino's choice may hit IMF agreements

By Jose Galang in Manila

PRESIDENT Corazon Aquino's support for the candidacy of Mr Fidel Ramos, a ruling party outsider and former defence secretary, in Philippine presidential elections in May could affect economic agreements with the IMF.

The announcement was not a complete surprise but it did disappoint the leadership of the ruling party, Laban ng Demokratikong Pilipino (LDP), which had favoured the house speaker, Mr Ramon Mitra.

Mrs Aquino's choice could make the LDP-dominated Senate less enthusiastic about approving new tax measures *that must precede an important* International Monetary Fund agreement. The LDP, which is seen as loyal to Mr Mitra, evolved from the broad coalition which helped bring Mrs Aquino to power in 1986. Mrs Aquino's decision not to choose Mr Mitra demonstrates the fragility of the coalition.

Mr Mitra defeated Mr Ramos in a party straw vote last November, but the latter accused the Mitra group of cheating.

Some politicians have said Mrs Aquino's move could derail some of her administration's economic programmes. Among these are the government's commitments to the IMF in exchange for financial support for Manila's programmes.

Kashmir 'unity tour' fizzles out

By K K Sharma in New Delhi

AS Sikh militants fired guns all day in Srinagar, the capital of Kashmir, a small group from the Hindu revivalist Bharatiya Janata party, led by its president, Mr Murli Manohar Joshi, yesterday unfurled the national flag in the Lal Chowk area of the state capital.

The ceremony, intended to demonstrate the country's unity, served instead to show that the militants fighting for an independent Kashmir had *the upper hand. Though Srinagar* was under curfew and streets were heavily patrolled, guns crackled all day.

The ceremony at which the flag was hoisted yesterday, India's Republic Day, brought to a climax Mr Joshi's 45-day *ekta yatra* (unity tour), which took him through 14 states at the head of a caravan of vehicles. Mr Joshi was able to accomplish the mission's final ceremony only with the connivance of the authorities.

He was flown from Jammu to Srinagar on Saturday evening by the Indian Air Force *when the road* was declared closed, reportedly because of a landslide.

The "unity" cavalcade, in effect, ended at Jammu. The 60,000 people who were meant to accompany Mr Joshi were left behind there.

In place of the planned huge gathering, the national flag was hoisted at a brief ceremony at which less than 200 were present amid the tightest security Srinagar has seen.

Despite the curfew and the security, militants kept up a steady fire all day. Mr Joshi flew back to Jammu yesterday *after the ceremony* and survived an attempt to shoot down the aircraft carrying him.

Mauritania's ruler wins poll

MAURITANIA'S military leader Colonel Maaouya Ould Sid Ahmed Taya yesterday won the country's first open presidential elections, but his main rival and diplomats said there was cheating, Reuter reports from Nouakchott.

With only one minor result to come, Interior Ministry figures gave Col Taya 62.8 per cent of the vote – nearly twice as much as the 32.9 per cent polled by Ahmed Ould Daddah, the main opposition candidate and a former political exile.

But the opposition said it had proof of electoral fraud.

Li Peng ends isolation with four-nation visit

CHINA'S Prime Minister Li Peng arrived in Rome last night on his first trip to the west since the 1989 crackdown in Beijing on pro-democracy protests. The tour takes him to the United Nations and four European countries, Reuter reports from Beijing.

Li is accompanied by his wife and Qian Qichen, foreign minister. Li Lanqing, minister for foreign trade, is also in the party, according to the official New China News Agency. In Rome, hundreds marched on Saturday to denounce the Italian government for becoming the first western country to receive Li since the army's attack on protesters in Tiananmen Square. The Chinese leader will spend two days in Italy before attending the World Economic Forum that opens on January 30 in Davos, Switzerland.

On January 31 he will attend a special summit of the United Nations Security Council in New York. He rounds off his trip with visits to Portugal from February 2 to 4 and Spain from February 4 to 6.

UK NEWS

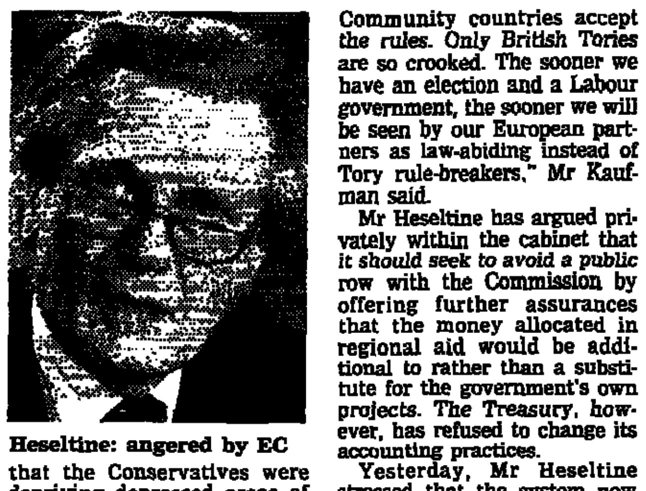
Tories accuse Brussels of political interference

By Philip Stephens, Political Editor

THE European Community's refusal to release funds earmarked for Britain's depressed regions returned to the centre of the election campaign at the weekend, with the government accusing the European Commission of political interference.

Mr Michael Heseltine, the Environment Secretary, accused Mr Bruce Millan, the European Commissioner with responsibility for regional aid, of "ganging up" with the opposition Labour party to embarrass the government.

Mr Millan, who was nominated to the Commission by Labour, indicated last week that some £139m of aid to ease the impact of pit closures British coal-mining was threatened by the government's refusal to give satisfactory assurances that this would be additional to the Treasury's own spending. He warned also that another £880m in regional aid might be in jeopardy.



Heseltine: angered by EC

That brought claims from the Labour party yesterday that the Conservatives were depriving depressed areas of vital funds so that the money could be directed elsewhere.

In typically colourful language, Mr Gerald Kaufman, the party's foreign affairs spokesman, said the government should give the assurances sought by Brussels.

"All the other 11 European Community countries accept the rules. Only British Tories are so crooked. The sooner we have an election and a Labour government, the sooner we will be seen by our European partners as law-abiding instead of Tory rule-breakers," Mr Kaufman said.

Mr Heseltine has argued privately within the cabinet that it should seek to avoid a public row with the Commission by offering further assurances that the money allocated in regional aid would be additional to rather than a substitute for the government's own projects. The Treasury, however, has refused to change its accounting practices.

Yesterday, Mr Heseltine stressed that the system now operating was the same as the one which applied under Labour governments in the 1970s when Mr Millan had been a Scottish minister. The commissioner's refusal to release the funds therefore represented an "intolerable" interference.

Monday Interview, Page 28

Mourners commemorate the 20th anniversary yesterday of Bloody Sunday in Londonderry, Northern Ireland. They later joined a march in remembrance of 14 people shot dead by British troops during a civil rights protest in 1972.

House prices 'remain depressed'

By Andrew Taylor, Construction Correspondent

HOUSE prices in Britain are unlikely to rise until at least 1994 and are expected to fall further this year in many areas of the UK although the number of sales is expected to rise, a new review of the housing market claims today.

UBS Phillips & Drew, the UK stockbroker, forecasts that house sales will rise by 12 per cent this year. Average prices, however, are expected to fall by 2 per cent.

The brokers say a tidal wave of unsold properties will continue to depress prices even when sales start to recover.

"Over half a million empty houses will be on the market during the course of 1992. This will soak up any increase in demand due to lower interest rates and prevent house price rises," the brokers add.

A straw poll last week of estate agents, housebuilders and mortgage lenders conducted by the Financial Times showed that there had been a sharp increase in interest from would-be house purchasers since the beginning of the year.

Very few agents and builders felt, however, that the improvement, which traditionally occurs after Christmas, would lead to a rise in prices.

Phillips & Drew in its study, *Housing Market: Economic time bomb*, says there were at least 222,000 empty unsold homes at the beginning of this year.

The document says rising unemployment, concern that a Labour government would increase taxes and interest rates together with a more cautious lending policy by lenders was continuing to act as a break on the housing market.

Consultants warn Lloyd's contracts may be invalid

By Richard Lapper

REINSURANCE CONTRACTS which have generated multi-million pound losses for Lloyd's Names may be invalid, according to a report by the specialist reinsurance consultants, Rodney-Smith & Partners.

The report was commissioned by Names – the individuals whose assets back underwriting at Lloyd's – who were members of syndicates managed by Rose Thomson Young and Gooda Walker agencies between 1988 and 1990.

The syndicates reinsured the exposures of other Lloyd's syndicates to catastrophe losses and were hard hit by a string of natural disasters and industrial accidents.

The report, which Rodney-Smith expects to complete in the next two to three weeks, was prepared following a legal opinion offered in October by Mr Gavin Lightman QC.

Mr Lightman said the contracts could be voidable if they were entered into for reasons other than for the benefit of Names and if other parties to the contracts knew about this.

The report provides some hope for over 3,000 Gooda Walker Names who were told last week that they face a cash call of £101m for losses incurred during 1989 and 1990.

Six months ago Gooda Walker Names received a bill for £137m for 1989 and 1990 losses and the syndicates' total losses for the two years are expected to rise even higher over the next eighteen months.

BT revives talks on global network

By Alan Cane

NEGOTIATIONS to form a global communications network for business users have been revived by telecommunications companies in Britain, Germany and Japan.

The talks involving BT, the UK network, Deutsche Telekom and Nippon Telegraph and Telephone (NTT) had seemed on the point of foundering late last year when Mr Iain Vallance, BT chairman, failed to seal a global alliance with his German and Japanese counterparts during an international telecommunications trade fair in Geneva.

BT, however, is now hopeful a deal can be concluded soon involving Deutsche Telekom and NTT taking shares in Syncordia, a BT venture based in Atlanta, Georgia, which it established last year to manage voice, data and video links for multinational companies.

BT is hoping to exploit the current trend towards "outsourcing" among large international companies – passing over management of their telecommunications and data communications networks to a third party on a fee basis.

A deal with Syncordia should free a company from the need to negotiate separately with national telecommunications utilities and provide it with a customer services such as maintenance, customer service and billing.

A BT spokesman said the negotiations were "warm", but that no date for concluding the deal had been fixed: "It could be tomorrow or in a few weeks" he said "There is a strong political element to the discussions" .

Deutsche Telecom and NTT are BT's favoured partners, but the spokesman would not confirm that BT expected to retain 48 per cent of the equity in Syncordia while Telekom and NTT would take 26 per cent each. The size of each of the partner's shareholding is still under discussion.

The chief threat to the success of BT's plans to develop Syncordia through a relationship with the Germans and Japanese is from its international rivals France Telecom and American Telephone & Telegraph and MCI of the US who, through their own attempts to woo Deutsche Telekom and NTT, were instrumental in preventing BT concluding a deal in Geneva.

Secretaries no longer typecast by executives

By Diane Summers, Labour Staff

"TAKE a letter Miss Jones" is becoming a redundant request in many British boardrooms according to a new survey, which claims executives now type their own letters while their secretaries underge assertiveness training.

Nearly 80 per cent of executives and managers do at least some of their typing, according to the survey of more than 500 companies published today.

The Gordon Yates secretarial recruitment group, which carried out the survey, says the growth in personal computers has eroded job demarcations between bosses and their secretaries.

While busy executives are turning to typing, so their secretaries are gaining a higher profile from "developmental training" courses in assertiveness and communications skills.

Mr Richard Grace, managing director of the Gordon Yates group, says managers "are working in a more team-based way with their secretaries. It's no longer simply 'take a letter Miss Jones'."

Management consultants Beddows and Company are typical of the companies surveyed. Ms Fiona Chalk, office administrator, says that for the past 20 months all consultants employed by the company do their own typing.

Younger managers are more likely to consider a PC as simply another consumer durable, according to Mr David Flint, senior consultant with the Butler Cox Foundation which syndicates information technology research.

Although office duties are being increasingly shared, salary deferentials remain firmly in place. The survey says central London secretarial salaries have increased by an average of 5.3 per cent over the past year. The secretary of a chairman or chief executive is likely to earn about £18,600.

Last year the average total pay across all types of executives was £74,647, according to the executive pay index from Noble Lowndes, the management consultancy.

APPOINTMENTS

Strategic questions for the Pru

Mick Newmarch, chief executive of the PRUDENTIAL, has named Laurel Powers-Freeling, an American who detested her very first job peddling policies for Prudential of America, as the new head of corporate strategy at Britain's biggest insurance company.

Powers-Freeling, at 34 probably the most senior woman at the Pru, will head a team of some 15 strategists. She joined last April at manager level, and has now been made a director reporting directly to Newmarch. She came from Morgan Stanley International – where "I discovered deal-making was not my forte" – following spells specialising in insurance at McKinsey and Price Waterhouse.

The Pru had had a nominal head of strategy before, she says, but her considerably more senior appointment reflects Newmarch's desire to "be much more aggressive with strategy. Mick is committed to a complete re-examination of how we do our business."

The energetic Powers-Freeling, whose promotion coincides with the arrival of her first baby, is shortly returning, after just six weeks' leave, to embark on a four-month review of global strategy.

Newmarch himself, who made his mark on the investment management side, has yet to prove he can make a real success at the helm of the giant retail financial services concern. The big question – and one which is hardly likely to be dealt with in 16 weeks – is how the organisation brings its distribution techniques into the 1990s. Perhaps the woman from the Pru will tell him.

Movements in finance

■ Richard Lawson has retired from GREENWELL MONTAGU where he was chairman. He has recently retired as the first chairman of the Securities and Futures Authority and had worked in the City for 40 years. He is succeeded as chairman of Greenwell Montagu by the current chief executive, Ernest Fenton.

■ Adam Cooke is promoted to director of INVESCO MIM Management.

■ Philip Hickman is appointed head of Midland Bank Trust Corporations, based in Jersey.

■ Frederic Le Porin has been appointed md of FURMAN SELZ's London office.

■ Ketan Malde is appointed director for finance and credit and Mark Sismey-Durrant director for marketing operations and information services of CONFEDERATION BANK.

■ George Wise is a director of LOMBARD NatWest Commercial Services.

■ Richard Bowen is a director of MATHESON SECURITIES; he moves from Bell Lawrie White.

■ John Wetherall is appointed chief executive of JAMES CAPEL (Channel Islands); he moves from Capital House International Investment Management in Jersey.

■ Jacquie Wallace becomes company secretary of BIRMINGHAM MIDSHIRES Building Society on the retirement of Charles Dickie.

■ Noel Healy has been appointed a director of FINANCIERE INDOSUEZ.

■ Mary-Ellen Collins is appointed senior vice-president in the special assets division of SECURITY PACIFIC NATIONAL BANK.

■ Brian Ford is appointed md and head of CONTINENTAL BANK's risk management and foreign exchange group.

■ Gerard Lynch is appointed a director of SWISS BANK CORPORATION's equity banking group.

■ Michael Bond is promoted to director and head of emerging markets department of EDINBURGH FUND MANAGERS.

Smyth to help Fiat rev up its dealers

FIAT has appointed Geoff Smyth as operations director of Fiat Auto (UK), its British importer/distributor subsidiary.

Fiat, which includes Lancia and Alfa Romeo, is planning to invest around £100m over the next three years in order to strengthen its UK dealer network and improve its poor market share. Smyth, who was previously Fiat's area director for Scandinavia and Austria based in Turin, will be responsible for managing the dealer networks of the three marques in the UK.

Smyth, 39, has worked his way up through Fiat since joining the company in Ireland in 1979, and has been based in Italy, the Netherlands and Sweden.

There are currently around 300 Fiat dealerships in the UK along with 69 for Alfa Romeo and 56 for Lancia. Although Fiat is the second largest west European car-maker, in the UK the group has languished far behind its rivals. Smyth says that "it will be my job to ensure that the group's position in the UK more accurately reflects the company's successes in other markets."

■ Alec Murray, managing director of QUICKS Group, the Manchester-headquartered vehicles distributor, is taking the corporate name to heart. Just three months after he moved in, the Quicks board has been reshuffled and a loss-making leasing subsidiary, Trafford Vehicle Leasing, closed down.

James Quick, nephew of chairman Norman, and Michael Davis have left their positions as executive directors of the group board to assume responsibility for the group's main operating subsidiary, dealers H & J Quick.

A third group director, James Olroyd, has left the group altogether. He is said to have successfully completed "specific tasks for which he was appointed in 1990", understood to relate to his management of Ford dealerships within the group.

THE WEEK AHEAD

ECONOMICS

Strike vote may affect interest rates

THE GERMAN wage round will continue to attract attention this week, with markets looking to Friday when the result of the steel strike ballot will be announced.

With the Bundesbank keen to see a reduction in inflationary pressures, settlements in the wage round will influence the decision whether to reduce German *interest rates*, a *move* that could lead to lower borrowing costs across Europe.

The steel section of the IG Metall union needs a 75 per cent vote in favour to call the industry's 135,000 workers out on strike.

After last week's dismal industrial output figures for the UK, the markets will focus on today's trade and current account figures and on the Confederation of British Industry's quarterly trends survey published tomorrow.

City predictions of an £800m visible trade deficit in December would bring the deficit for 1991 *to* around £10bn – less than for 1990, but, in the view of some, worryingly high for a country deep in recession.

Recent CBI surveys have pointed to weakening expectations of economic recovery, after some improvement in the early autumn.

In the US, President Bush will tomorrow unveil his plans for a fiscal growth package in his State of the Union address. These are likely to include measures to encourage jobs, investment and savings.

The economic highlights of the week are as follows. The median of City forecasts, provided by MMS International, a business *information company*, are in brackets.

Today: UK, December visible trade deficit (£800m), current *account deficit (£500m). US,* December existing home sales.

Tomorrow: UK, first-quarter CBI industrial trends survey. Japan, December industrial production (up 0.6 per cent on month), retail sales for December (up 1.9 per cent on year). US, fourth-quarter employment cost index, consumer confidence in January (53.0), President Bush delivers State of the Union address. Australia, *November manufacturing out*put price index, provisional manufacturing production figures for December, November export price index.

Wednesday: UK, December building society commitments (£2.8bn), new construction orders in November. US, 1993 fiscal budget released, Senate banking committee meets, fourth-quarter advance GDP (up 0.5 per cent on month). Australia, November manufacturing input price index, fourth-quarter consumer price index (up 0.8 per cent on quarter, 1.4 per cent on year). Canada, December raw materials price index, December industrial product price index.

Thursday: UK, Institute for Fiscal Studies publishes a *study on options for the Bud*get, new vehicle registrations for December, final money supply data for December. *US, December durable goods orders* (down 1.0 per cent on month), personal income in December (up 0.5 per cent on month), December personal consumption expenditure (flat), initial claims for week ended January 18, M1 ($4.5bn), M2 ($8bn), M3 ($10bn), all for week ended January 20, export and import price indices for December. France, December consumer price index (up 0.1 per cent on *month, 3.1 per cent on year*). Canada, November employment earnings.

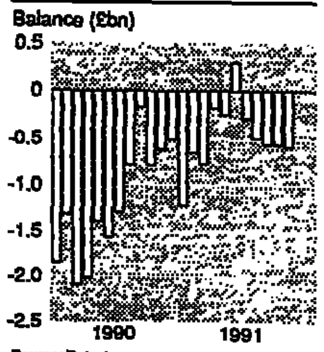
Friday: Germany, result of steel strike ballot. US, December leading indicators (up 0.1 per cent on month), December new home sales (up 2 per cent on month), January agriculture prices. Japan, November consumer price index (up 2.6 per cent on year), excluding perishables (up 2.2 per cent on year), December trade balance and current account, unemployment rate in December, housing starts in December (down 19 per cent on year), December construction orders.

During the week: Germany, January preliminary cost of living (up 0.8 per cent on month, 4.3 per cent on year), *December PPI (down 0.2 per* cent on month). Japan, first quarter Bank of Japan quarterly economic outlook. Norway, *December industrial pro*duction. Spain, December current account. Italy, December trade balance.

Emma Tucker

UK current account

Balance (£bn)



Source: Datastream

PARLIAMENTARY DIARY

TODAY

Commons: Motions on Northern Ireland electricity industry orders. *Lords: Local Government Finance* Bill, committee stage. British Waterways Bill, third reading. **Select committees:** Public *accounts* – subject, PSA Services. Witness: G H Chipperfield, chief executive, PSA Services (Room 16, 4.30 pm).

Social security – subject, operation of pension funds. Witnesses: British International Helicopters pensioners; Mr Sean Hand (Room 21, 4.30 pm).

TOMORROW

Commons: Prison Security Bill, remaining stages. Motion on the uncertificated securities regulations. Opposed private business.
Lords: Local Government Finance Bill, committee stage.
Select committees: Social security – subject, operation of pension funds. Witnesses: *Maxwell private companies* pension fund members' association; independent pensions research group (Room *15, 10.30 am*).

Trade and industry – subject, exports to Iraq. Witnesses: Foreign Office officials (Room 8, 10.30 am).

Cardiff Bay Barrage Bill (Room 6, 10.30 am).

WEDNESDAY

Commons: *Education (Schools)* Bill, remaining stages.
Lords: Short debate on the Welsh economy. Short debate on the social and political challenges facing the new United Nations secretary-general. Question to government on democracy and justice in Hong Kong after 1997.
Select committees: Cardiff Bay Barrage Bill (Room 6, 10.30 am).

Environment – subject, coastal zone protection. Witnesses: English Nature; Countryside Commission (Room 21, 10.30 am).

Trade and industry – subject, exports to Iraq. Witnesses: Customs and Excise *officials* (Room 15, 10.30 am).

Agriculture – subject, trade gap in food and drink. Witnesses: *Co-op; Tesco; Argyll Group* (Room 20, 10.45 am).

Parliamentary commissioner for administration – subject, *reports for 1990-91.* Witnesses: Department of Health; Scottish Home and Health Department (Room 19, 10.45 am).

Energy – subject, *renewable energy. Witnesses: Colin* Moynihan MP, junior energy *minister*, and Allan Stewart MP, junior Scottish Office *minister (Room 8, 11 am).*

Agriculture – subject, trade gap in food and drink. Witnesses: Marks and Spencer; Asda Stores; J. Sainsbury (room 17, 4.15 pm).

Health – subject, NHS trusts. Witnesses: National Association of Health Authorities and Trusts; Trust Federation; Institute of Health Service Management; Faculty of Public Health Medicine (Room 8, 4.15 pm).

Public accounts – subject, financial management *in national* Rivers Authority. Witnesses: Sir Terence Heiser, Department of the Environment; Mr J Wheatley, *MRA (Room 16, 4.15 pm)*.

Treasury and Civil Service – subject, BCCI: International and national banking regulations. *Witnesses: Institute of Chartered* Accountants (Room 21, 4.15 pm).

Education and Science – subject, student support. Witnesses: Alan Howarth MP, education *minister* (Room 5, 4.30 pm).

Home affairs – subject, work of the Lord Chancellor's department. Witnesses: Lord Mackay of Clashfern, Lord Chancellor, and Mr Thomas Legg, permanent secretary (Room 15, 4.30 pm).

Joint committee on consolidation – subject, Capital Gains Tax Bill. Witness: *draftsman of the consolidation* (Room 3a, 4.30 pm).

THURSDAY

Commons: *Motion on English* revenue support grant followed by motions on the Welsh revenue support grant.
Lords: Badgers Bill, second reading. Local Government Finance Bill, committee.
Select committee: Cardiff Bay *Barrage Bill (Room 6, 10.30 am).*

FRIDAY

Commons: Private members' bills.
Lords: Coal Industry Bill, second reading. Motions on Northern Ireland electricity orders. Osteopaths Bill, second reading.

THE WEEK AHEAD

The Rank Organisation is expected to report full-year pre-tax profits of £245m on Thursday, down on last year's £312.1m. Holidays and bingo are expected to have held up *reasonably well, but hotels*, casinos and amusement machines are expected to show the wear and tear of recession.

Particular attention will focus on the dividend; maintaining last year's final payment of 20.75p would give investors confidence that the group expects to profit from a consumer upturn.

The elimination of loss-mak*ing businesses is likely to* allow W H Smith to post reasonable interim pre-tax profits when it announces its half-year results *to December 1 on* Wednesday. The City is looking for a figure in the range of £46m to £50m, reflecting weakness on the high street but huge savings in interest payments.

The interest charge will be *down from £15m to £5m after a* £148m rights issue in May and the sale of its travel and television interests last year.

Book sales, however, were affected by the recession on the high street, which persisted through the Christmas season, while profits from the DIY business are likely to have been dull as well.

Growth in the W H Smith *book chain is also expected to* have been countered by a slightly higher rise in costs.

Waterstones, however, has done extremely well, with double digit like-for-like growth.

UK COMPANIES

■ TODAY

COMPANY MEETINGS:
Lynx Hldgs., The Moat House Hotel, Chesterfield Road South, Sheffield, 12.00
Scottish Inv. Trust, 6 Albyn Place, Edinburgh, 11.00

BOARD MEETINGS:
Finals:
Caldwell Invs.
Malvern UK Index Tst
Interims:
Armour Trust
Bristol Channel Ship
Dale Electric
GT Japan Inv. Trust
Genbel Invs.
Haynes Publishing
Heath (Samuel)
Lister
Standard Platform
Stewart Zigomala

■ TOMORROW

COMPANY MEETINGS:
Archer (A.J.), Old Library, Upper Basement, Lloyd's, 1 Lime Street, E.C., 10.30
Fulcrum Inv. Trust, Middlethorpe Hall, Bishopthorpe Road, York, 12.30
Hanson, Barbican Hall, Barbican Centre, E.C., 11.00
Perpetual, Phyllis Court, *Henley-on-Thames*, 12.00

BOARD MEETINGS:
Finals:
Eurocamp
Partridge Fine Arts
Shoprite
Interims:
Assoc. Brit. Consultants
Brandon Hire
Colefax & Fowler
Etonbrook Props.
Kleinwort High Inc Inv Tst.
Murray Smaller Markets
Newmark (Louis)
Savills Gordon (J.)

■ WEDNESDAY JANUARY 29

COMPANY MEETINGS:
Johnson & Firth Brown, Charterhouse Hotel, Oxford Street, Manchester, 11.00
Tate & Lyle, Barbican Hall, *Barbican Centre, E.C., 11.30*

BOARD MEETINGS
Finals:
Allied Textile
Gardiner
Interims:
Adscene
Farepak
Huntingdon Intl.
Jupiter European Inv
Smith (W H)

■ THURSDAY JANUARY 30

COMPANY MEETINGS
Chemring Group, Alchem Works, Fratton Trading Estate, Portsmouth, 2.30

BOARD MEETINGS:
Finals:
Continental Assets Tst
Domino Printing Sciences
Kershaw (A.)
SEP Indl. Hldgs
Warner Estate
Interims:
AIM
Davies (D Y.)
Ewart
Goodhead
Int'l Resort Hldgs
ML Hldgs
Menvier-Swain
Photo-Me Intl
Unitech

■ FRIDAY JANUARY 31

COMPANY MEETINGS:
Ashley Group, Institute of Directors, 116 Pall Mall, S.W., 12.00
Caspen Oil, 19 Cornwall Terrace, N.W., 12.00
Vaux Group, Swallow Hotel, Sunderland, 12.00

BOARD MEETINGS
Finals:
DAKS Simpson
European Assets Tst.
Heavitree Brewery
Interims:
Dyson (J & J)
Neepsend
Prior
Shield
Wholesale Fittings
Company meetings are annual general meetings unless otherwise stated.

DIVIDEND & INTEREST PAYMENTS

■ TODAY
Albion Hume Intl. 0.5p
Asprey 1.1p
Bank of Montreal Fltg. Rate Db Ser. 10 1998 $335.19
Borthwicks 0.5p
Commonwealth Bank of Australia Gtd. Fltg. Rate Nts 1996 $322.92
Euromoney Publications 16p
[illegible]

2.75p
Airflow Streamlines 10% Cm. Pf. 5p
Allen 1.85p
Allied Irish Banks Sub. Prim. Cap. Perp. Fltg. Rate Nts $153.33
Assoc. Fisheries 8¼% Ln. 1991/96 4⅛pc.
BET 4.25p
Baker Harris Saunders 1.5p
[illegible]

Rd. Pf. 3.15p
Fleming Japanese Inv. Tst. 5% Cm. Pf. 1.75p
Granada 7.5p Cv. Pf. 3.75p
Great Northern Iron Ore Props. Trustee Certs. 155cts.
Guildhall Property 5⅞% 1st Mtg. Db. 1990/95 3 pc
Halifax Bldg Society Fltg. Rate *Ln Nts 1996 (Ser A) £46.88*
[illegible]

Reliance Security 2.2p
River Plate & Gen. Inv. Tst. Inc. 5.9p
S & U Stores 31.5% Cm. Pf 1.96875p
SCEcorp 68cts.
Scottish Eastern Inv. Tst. 9⅛% Db. 2020 4 pc.
Do. 12⅞% Db. 2012 6 pc.
Scottish & Newcastle 7% Cv. Cm
[illegible]

Allied London Props. 10% Cm. Pf. 5p
Amer. Tel. & Telegraph 33cts.
Amer. Trust 3½% Cm. Pf. 1.75p
Ameritech 88cts
Amwoods 3.25p
Ball (AH) 2.2p
Bellsouth 69cts
Bexbuild Devs. 1p
Consolidated 4% Ln. 2pc
[illegible]

■ FRIDAY JANUARY 31
ABI Leisure 3.13p
Aegis 55% Cv. Cm. Rd. Pf. 1999
[illegible]

Feupel Trading 1.85p
Ferry Pickering 3.4p
First National Fin. 6.3% Cv. Cm.

Ratners Cv. Cm. N/Vtg. Rd. Pf. 3.4375p

■ SATURDAY FEBRUARY 1
Acal 1.85p

Rd. Pf. 3.25p

TRADE FAIRS, EXHIBITIONS & CONFERENCES

JAN 30
Introduction to Options (Part 1)
Intensive one-day course for those new to options who wish to get broad overview of concepts involved. Content: Simple Option Strategies, Option Pricing, Trading & Hedging Strategies.
Venue: Cambridge Science park, CAMBRIDGE. £150 + VAT
Contact: Gillian Beckett, Brady Financial Seminars. Tel: 0223 423250
LONDON

JANUARY 30-31
CORPORATE PENSIONS
Influential figures in the pensions world including Tony Newton, Secretary of State for Social Security, Michael Meacher, MP, Jonathan Charkham and Brian MacMahon will debate key issues currently affecting corporate pensions on the UK. Contact Jo Bradley at The Economist Conferences on 071 493 6711
LONDON

JANUARY 31
THE EAST THAMES LINEAR NEW TOWN
One day conference on the implications for property investment and development. The property will cover DoE proposals, infrastructure, opportunities for commercial and residential property.
Contact: Veronica Benson
Tel: 071-935 2382
LONDON

FEBRUARY 5 - 8
EUROPEAN HUMAN RESOURCES
Speakers from leading companies to discuss their human resources management. Keynote speaker is Sir Brian Wolfson, chairman of Wembley and the National Training Task Force. A Conference Board Europe meeting.
Contact Jane Campbell
Tel: (32) 2/640.62.40
Fax: (32) 2/640.67.35
LONDON

FEBRUARY 6-7
THE MOST IMPORTANT TECHNOLOGY EVENT OF 1992
Getting different systems working together - interoperability is the most significant *IT* development of the 90s. Attend The Interoperability Symposium for the answers on open systems. Contact Sharlene Pollard, Blenheim Online.
Tel: 081-742 2828 or Fax: 081-742 3286.
LONDON

FEBRUARY 10-12
Effective Business Presentations
At this seminar you will learn how to put - and keep - *your best foot forward* in any situation. Attendance is limited to ensure personalised attention. Speaker: J Thomas Miller III. Contact: Louise Knight, Frost & Sullivan Ltd, Tel: 071-730 3438 Fax: 071-730 3343.
LONDON

FEBRUARY 11
Executive Information Systems: Adding Value With External Information
This conference shows how the strategic *dimension* value of an EIS can be improved, covering such key issues as potential sources of information, and competitor and market share analysis.
Contact Business Intelligence.
Tel: 081-544 1830.
LONDON

FEB 12
Dealing with Commercial Rent Reviews
Your Company is paying *higher* than market rent, but you are trapped by an inflexible, long-term lease. Or are you? At this Institute of Directors' seminar, *experts will show how to benefit from incentives in today's market.*
Enquiries:- Director Conferences:- 071 730 0022
LONDON

FEB 13-14
Negotiating with the French
Gain an insight into the cultural considerations required for conducting business successfully with French organisations. Speaker: John Ferguson. *Contact:* Louise Knight, Frost & Sullivan Ltd. Tel: 071-730 3438
Fax: 071-730 3343.
LONDON

FEBRUARY 18
IT Investment Appraisal: New Approaches To Measuring the Business Value of IT:
This conference is devoted to improving corporate performance in the critical area of IT investment appraisal, addressing such such key issues as new investment appraisal methods, and evaluating the IT portfolio.
Contact Business Intelligence.
Tel: 081-544 *1830*.
LONDON

FEBRUARY 19 & 20
THE EXECUTIVE SECRETARY
8th Annual 2-day conference for the Executive Secretary & PA. Learn how to communicate with confidence, organise your time, deal with difficult people & prioritise your personal and professional goals. Le Meridien Hotel. Ring Janine *Shields, IBC. 071-637 4383*
LONDON

FEBRUARY 20
DOING BUSINESS WITHOUT PAPER. The Impact of EDI (Electronic Data Interchange) on the upstream and downstream oil industry.
Contact: Susan Ashton.
The Institute of Petroleum - *071 636 1004*
LONDON

FEBRUARY 24-25
Business Warfare
This is a strategic seminar which considers marketing planning in the context of a military strategy. The four alternatives - defence, attack, flank and guerilla - are outlined and evaluated.
Speaker: Tom Day. Contact: Knight, Frost & Sullivan Ltd. Tel: 071-730 3438.
Fax: 071-730 3433.
LONDON

FEBRUARY 25 & 26
International Banking
The 1992 meeting will examine how the international banking industry is *responding* to the challenges of economic uncertainty and the continuing pressures on profitability and margins.
Enquiries: Financial Times
Tel: 071-925 2323
Fax: 071-925 2125
LONDON

FEBRUARY 26
SUCCESSFUL STRATEGIES FOR DECISION MAKERS
A one day investment in your Company's future.
This seminar covers: setting goals and identifying obstacles, taking stock of *your business* and its marketplace, developing a vision for success, considering major options, etc.
Contact: FIBEX. Tel: 071-489 9944
Fax:071 236 6140
LONDON

FEBRUARY 26-MAY 27
Contemporary Britain 1992
Twelve weekly evening seminars at London School of Economics for diplomats, managers and representatives of foreign firms, banks and newspapers who wish to improve their understanding of current British political, economic and social issues.
Contact: Nicola Meakin
Tel: 071 955 7227 Fax: 071 955 7676
LONDON

FEBRUARY 27
Work at VDU's
A one-day seminar for senior management on the implications of recent litigation (RSI) and forthcoming legislation (VDU Directive). Presented by Colin Mackay - HSE, Brian Pearce - Consultant Ergonomist, Tom Stewart - Chairman ISO TC159 SC4.
Bell Howe Conference
Tel: 0602 436323 Fax: 0602 436440
LONDON

FEBRUARY 27-28 MAY
Contemporary Europe
Twelve weekly evening seminars at London School of Economics for *diplomats*, managers and representatives of foreign firms, banks newspapers who wish to improve their understanding of current developments in the EC.
Contact: Nicola Meakin,
Tel: 071 955 7227. Fax: 071-955 7676
LONDON

FEBRUARY 28
Industrial Relations 1992 and Beyond.
A Major European Conference organised by Training and Enterprise. (The NE Wales TEC). Speakers include NORMAN WILLIS, ETUC, RICHARD PRICE, CBI and BERNARD ARNOLD, UNICE. Theme of the conference, to be held in N. Wales is The Social Chapter post Maastricht. Contact TERRY ROGERS 0978 295557.
LONDON

MARCH 2
How To Implement Strategic IT Projects
This conference explores a range of practical approaches to planning for and actively managing the business impacts of major IT projects, including understanding why strategic *IT* systems usually *fail*, and successful approaches to improving the usability and user acceptance of systems.
Contact Business Intelligence.
Tel: 081-544 1830.
LONDON

MARCH 3
THE NEW VAT REGIME FOR EXPORTS AND IMPORTS
A detailed of the EC Commission's VAT Directive which has far reaching consequences for all UK exporters and importers. Speakers from EC Commission, HM Customs and Excise and KPMG Peat Marwick. Contact: Westminster *Management Consultants Ltd.*
T: (0483) 740 730, F: (0483) 740 727
LONDON

MARCH 3
PREVENTING FINANCIAL FRAUD
A detailed analysis of the issues involved, in the prevention, detection and investigation of financial fraud. Speakers from DTI, Serious Fraud Office, SFA, London Stock Exchange, FIMBRA and others. Contact: Westminster Management Consultants Ltd.
T: (0483) 740 730, F: (0483) 740 727
LONDON

MARCH 5
DOING BUSINESS IN HUNGARY
A practical guide to the most Westernised Eastern European Country. Sponsored by Coopers & Lybrand Europe. Subjects covered include: investment opportunities, legal and taxation consequences, labour environment, acquisitions, accounting issues and case study
Contact: FIBEX. Tel: 071-489 9944
Fax: 071-236 6140
LONDON

MARCH 10
WHAT'S NEW IN LUBE OILS?
Lube oils are a small sector of the industry in terms of tonnage, but they *represent* just about the ultimate in added value potential. Their manufacture and marketing are keenly competitive areas. Contact: Caroline Little, The Insitute of Petroleum - 071 636 1004
LONDON

MARCH 10 & 11
The European Water Industry
Policies for preventing water pollution and protecting water quality in the UK and EEC, charging sytems, finance for *infrastructure in Eastern Europe* will be addressed.
Enquiries: Financial Times
Tel: 071-925 2323 Fax: 071-925 2125
LONDON

MARCH 19
The Governance of Pension Funds - Is Your Pension Fund Safe?
An essential one-day conference examining current concerns surrounding pension funds and who controls them. With particular emphasis on the duties and responsibilities of pension fund trustees.
Hotel - Tower Thistle.
Contact Mary Parker-Jervis, IBC, 071-637 4383
LONDON

MARCH 20
PRICING IN THE SINGLE MARKET
Implications for Companies on Pricing Strategies
Can companies charge different prices for the same products in different EC markets? Businessmen and their advisors should understand new trading regulations and know the penalties for breaking the rules. Includes practical case studies.Contact: Alison Jones - IBC
Tel: 071 637 4383
LONDON

MARCH 23 & 24
International Packaging and the Environment
To review German and EC packaging legislation, prospects for international packaging, and the impact of legislation for manufacturers and *retailers*.
Enquiries: Financial Times
Tel: 071-925 2323 Fax: 071-925 2125
LONDON

MARCH 23 & 24
COMPANY INSOLVENCY
Two day conference will discuss in depth the latest administrative and legal developments concerning company insolvencies. Enquiries to Sarah Avian, IBC Legal Studies and Services Ltd.
Tel: 071 637 4383 Fax: 071 631 3214
LONDON

MARCH 24
DOING BUSINESS IN CZECHOSLOVAKIA
A corporate step by step guide through one of the major opportunity areas. Sponsored by Coopers & Lybrand Europe. Subjects covered include: Investment *opportunities, legal &* taxation issues, labour environment, acquisitions, accounting issues and a case study. Contact: FIBEX.
Tel: 071-489 9944. Fax: 071-236 6140.
LONDON

MARCH 25th - 26th
KNOW YOUR COMPETITORS
Competitor Intelligence & Analysis
A practical two day seminar/workshop from the UK's No 1 specialist. Practical case exercises, successful case studies. Guest speaker who is *head* of a major company's intelligence unit.
Contact Patricia Dommard
EMP Intelligence Service,
Tel: 071-487 5665 Fax: 071-935 1640
LONDON

APRIL 1
The Future Of The Branch - Steering A Course Through Change
The Brewery, The Financial Revolution in Europe suggests that branch networks will be the key to the distribution of all financial services. This workshop focuses on how the branch can be made more productive as a delivery channel.
Contact: Elaine Robertson, Meeting Makers Tel: 041 553 1930
Fax: 041 552 0511 LONDON

APRIL 1-2
CHEMSPEC EUROPE 92 -
Highlighting Developments and Future trends in Speciality, Performance and Fine Chemicals - Organic Intermediates - Contract & Toll Manufacture.
G-MEX, Manchester
Contact: Valerie Shilling, FMJ International Publications Ltd.
Tel: (0737) 768611 Fax: (0737) 761685
MANCHESTER

APRIL 6 - MAY 26
FT - City Course
This course is designed to provide a broader understanding of all aspects of the operations of this City of London and the factors that make it a pre-eminent financial and trading centre. Enquires: Financial Times
Tel: 071-925 2323 Fax: 071-925 2125
LONDON

APRIL 10
HEALTH AND SAFETY AT WORK
UK Regime and European Directives, Covering H&S, European Directives, their impact on companies and changes required. Experts will examine employers' liability, H&S audits and new developments. Company secretaries, H&S managers, lawyers and personnel managers should attend. Contact: Charlotte Thomson - IBC Tel: 071-637 4383
LONDON

APRIL 26-28
PSI International Payment Systems Symposium & Exhibition
The Battle for the Consumer: Breaking the barriers. Rome, Italy. For more information, contact PSI, 3030 N. Rocky Point Dr. W, Suite 670, Tampa, FL USA 33607
Tel: 813-287-2774 Fax: 813-286-7377 or 281-0827
LONDON

MAY 12-14
Building A Better Britain
UK's only national event dedicated to quality in the built environment. Sponsored by Sainsbury's, Ibstock, The Builder Group & The Civic Trust, the exhibition present a unique opportunity for companies in the building and design industry to show the Calibre of their work. Contact: Civic Trust 071 930 0914
LONDON

JUNE 29 - AUGUST 7
Summer Courses in International Studies and Management
at the London School of Economics. Intensive programmes, taught at London University degree standard, providing an opportunity for enhancing the existing skills of professionals, managers and businessmen. Contact Nicola Meakin,
Tel: 071-955 7227; Fax: 071-955 7676
LONDON

INTERNATIONAL

FEBRUARY16-19
***CHEMICAL WEEK ANNUAL* ASIA-PACIFIC CONFERENCE**
Bryan Sanderson, CEO BP Chemicals; Michael Parker, President Dow Pacific; *Sumio Takeichi, Mitsubishi Corporation;* are among senior figures who will discuss market, environment, legal and chemical business climate in the region with focus *on China*, Japan, Vietnam, Asean and India. Tel: 071 436 7676/212 621 4933.
Fax: 071 436 3749/212 621 4949
HONG KONG

MARCH 6-17
TRADE MISSION TO VIETNAM
Ten day mission to Hanoi, Ho Chi Minh City And Bangkok lead by Derek Tonkin CMG, former Ambassador to Vietnam, Thailand & Laos. All incl. price £2400.00 Phone Caroline Skerry: 071 434 2868 for details *Fax: 071 494 3162*
VIETNAM

MARCH 9&10
COMPETITIVE INTELLIGENCE
Objectives, Organisation, Systems, Techniques and Analysis. Seminar presented by Kirk Tyson, author of "*Competitor Intelligence, Manual &* Guide." For managers and analysts with strategic planning, business development or research responsibilities. ALSO in GENEVA 12&13 MARCH. Contact: IIR SA, Geneva, Switzerland.
Tel: (41) 22 788 2751.
Fax: (41) 22 788 2726.
MILAN

MARCH 10-12
SEMICON/EUROPA 92
Europe's leading annual international trade show for equipment and materials suppliers to the semiconductor industry. Contact SEMI in London: Ann Cochrane. Tel: 071-240 4905 Fax: 071-497 8728: in Brussels: Paul Davis.
Tel: 32(2) 736 2058
Fax: 32(2) 734 0622.
ZURICH

MARCH 24-25
International Gaming Business Exhibition (IGBE) Europa '92 Espace Fontvieille Monaco
IGBE '92, the first major European Exhibition exclusively for the casino gaming industry, will showcase all major products and services of importance to the casino. Special events will also be held.
Contact: Eileen E. Baird
Phone (USA): 203-852-0500, ext. 107
Fax (USA): 203-838-3710
MONACO

APRIL 9 - 10
EUROPEAN VENTURE CAPITAL
2 Day Conference Examining
The latest issues facing the European *venture capital industry. Highlights to* include: a view from the European Commission; has venture capital been oversold in Europe and performance of *venture capital in Europe. Hilton* International Contact: Mary Parker-Jervis, BRI 071-637 4383
VIENNA

JUNE 4 & 5
Venture Symposium 92
Enquiries : Financial Times
Tel: 071-925 2323
Fax: 071-925 2125
LONDON

JUNE 4 & 5
Venture Symposium 92
Enquiries: Financial Times
Tel: 071-925 2323
Fax: 071-925 2125
MADRID

EXHIBITIONS

FEBRUARY 25-28
IBM '92
The largest IBM exhibition and seminar event in the world, with more than 250 exhibitors demonstrating leading systems and software for the IBM Business Community. The seminar programme offers more than 350 FREE sessions for specific industry sectors and application areas. For further details call: 404 4844/3310.
NEC, BIRMINGHAM

MARCH 4&5
International Futures and Options Exhibition
An exhibition devoted to the futures, options and derivative markets. Exhibitors include DTB, MATIF, Reuters. Accompanying seminar program. Further details or free registration tickets Futures and Options World Tel: (081) 330 4311
Fax: (081) 337 8943
FRANKFURT

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MANAGEMENT

Keeping the very best of company

Diane Summers reviews a comprehensive survey of working conditions

WOMEN AT WORK

Which companies provide the best working conditions and career prospects for women? Which ones offer flexible hours, job shares, career breaks and crèches?

A guide to the 50 best companies to work for in Britain, according to these criteria, will be published on February 20. Its author, Scarlett MccGwire, a former president of the National Union of Journalists and the mother of small children, was herself the first, and so far the only, trade union president to have been a job-sharer.

A summary of her main findings for the private sector is shown in the table: the full analysis includes local and central government, media companies and charities. She also rated companies for positive action – setting targets for the promotion of women and providing special training – and how well the recruitment and progress of women was monitored by an organisation.

MccGwire's conclusions were based on questionnaires to companies and interviews with female employees. She rated companies sector by sector: it was easier, for example, to get on to the list of best companies as an engineering company than as a retailing organisation.

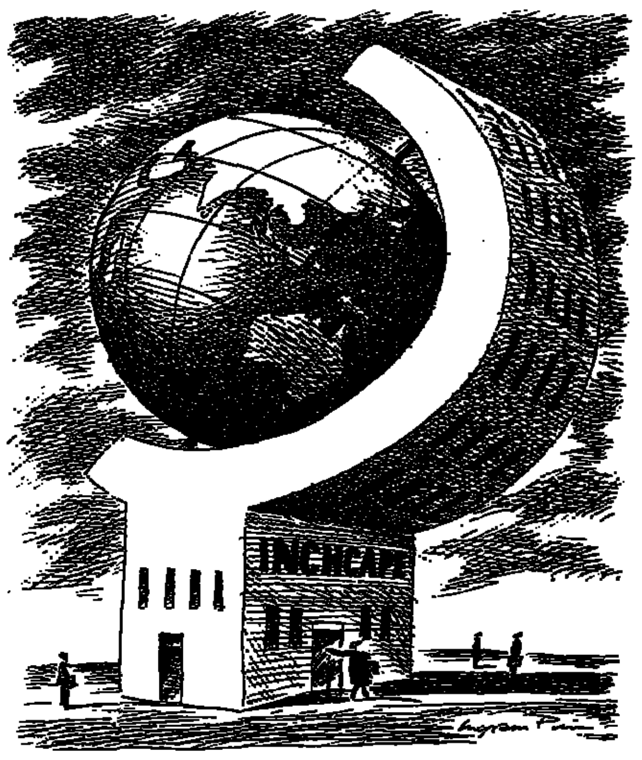
The Best Companies for Women by Scarlett McGuire, Pandora, £7.99

The employers that are most considerate to female workers

COMPANIES	Equal Opps policy	Equal Opps recruitment	Monitoring	Positive Action	Crèche	Career Breaks	Job shares	Flexible hours	Comments
SECTOR: ENGINEERING									
British Aerospace	✓	✓	✓	✓	✓	✗	✗	✓	● Taking the problem of few women in its workforce seriously. But has the message got out from headquarters?
Brown & Root	✓	✗	✗	✗	✗	✗	✓	✓	● Trying hard to attract women to clerical and administrative jobs, more attention needs to be paid to engineering.
General Electric Company	✓	✓	✓	✗	✓	✓	✓	✓	● Promotion mainly based on merit, but equal opportunities message not getting through to the line managers. Mean maternity pay.
Lucas Industries	✓	✓	✓	✓	✗	✗	✗	✓	● Following disheartening survey, company is on the brink of transforming itself into a woman-friendly company.
Ove Arup	✓	✓	✗	✗	✗	✓	✗	✓	● Has had a good reputation among women engineers for many years.
The Rover Group	✓	✓	✓	✓	✓	✗	✓	✗	● One of the trendsetters although long hours' culture.
SECTOR: FINANCE									
Alliance & Leicester	✓	✓	✗	✗	✗	✓	✓	✓	● Career opportunities for women have paid dividends in loyalty. Not clear whether women will infiltrate senior management.
Barclays Bank	✓	✓	✓	✗	✗	✓	✓	✓	● Big enough to have flexibility to meet demands of individuals. Not just the graduate high-flyers it wants to retain.
Halifax Building Society	✓	✓	✓	✗	✗	✓	✓	✓	● Women are getting promoted faster in the south than the north. No outstanding record in equal opportunities; steady progress.
Legal & General	✓	✓	✓	✗	✗	✓	✓	✓	● Changing past practices by proper training and opportunities, negotiating individual hours and enhanced maternity benefits.
Midland Bank	✓	✓	✓	✓	✓	✓	✓	✓	● Gone a long way to give women equal opportunities, the nursery programme shows it is putting money where its mouth is.
National Westminster Bank	✓	✓	✓	✓	✗	✓	✓	✓	● Management development scheme ensured more objective selection and advancement for those with potential
Prudential Corporation	✓	✓	✓	✓	✓	✓	✓	✓	● Equal opportunity policies in place. Now must change entrenched attitudes to give women a fair chance.
Royal Bank of Scotland	✓	✓	✓	✗	✗	✓	✓	✓	● Has overhauled recruitment and promotion policy. But cannot afford to rest until women get into senior management.
Sun Life of Canada	✓	✓	✗	✗	✗	✗	✓	✓	● Offers flexible hours contracts, job sharing, term-time working and part-time arrangements. Contemplating home-working.
TSB	✓	✓	✓	✓	✓	✓	✓	✓	● Came late into the equal opportunities fold, but programme is thorough. Introducing targets in promotion and recruitment.
SECTOR: HIGH-TECHNOLOGY									
Bull HN Information Systems	✓	✓	✗	✗	✗	✓	✓	✓	● Women feel the company is making progress but must try harder if it is to attract more and retain them.
ICL	✓	✓	✓	✗	✗	✓	✓	✓	● Some of the men resist change. However it goes further than most companies in its genuine commitment to women.
Rank Xerox	✓	✓	✓	✓	✗	✓	✓	✓	● Policy to encourage women into management goes to the very top. Looking at new ways of encouraging women.
SECTOR: MANUFACTURING									
Imperial Chemical Industries	✓	✓	✓	✓	✓	✓	✓	✓	● Line managers review recruitment, turnover and career development of women, and set objectives for improvement.
Mars	✓	✓	✓	✓	✓	✓	✗	✓	● Highly paid egalitarian company. Positive action programme includes targets for women managers.
Smith's	✓	✓	✗	✗	✗	✗	✓	✓	● One of the few manufacturers seriously looking at equal opportunities. Does not compare well with other sectors.
SECTOR: OIL COMPANIES									
British Petroleum	✓	✓	✓	✓	✓	✓	✓	✓	● Needs to help less qualified women, but in the targeted areas it has certainly been successful.
Esso	✓	✓	✓	✗	✗	✓	✗	✓	● Managers and graduate trainees particularly targeted, but maternity benefits and career breaks are available to all women.
Shell	✓	✓	✓	✓	✗	✓	✓	✓	● Male dominated, conservative company with good policies for women. Committed to get the best out of female staff.
SECTOR: RETAILING									
Boots the Chemist	✓	✓	✓	✗	✗	✓	✓	✓	● Pioneered school term-only working. Trying to help people with domestic commitments progress in the company.
Littlewoods	✓	✓	✓	✓	✗	✓	✓	✓	● Target of 20 per cent women middle managers reached a year ahead of schedule revised to 35 per cent.
Marks & Spencer	✓	✓	✓	✗	✗	✓	✓	✓	● Superb benefits package. Keeping itself in the forefront of good employment practices.
Sainsbury's	✓	✓	✓	✗	✓	✓	✓	✓	● One of the best employers. New branch management structures have helped to progress from the checkout up the hierarchy.

Andrew Bolger looks at Inchcape's attempt to shed its traditional British image

Trading places



Charles Mackay, the new chief executive of Inchcape, would like to see more Japanese and Chinese executives in his London headquarters in St James's, opposite Christie's, the art auctioneer.

The former colonial trading house is trying to shed its traditional British image. It is setting out on the text-book route of corporate change, and is on its way to becoming a thoroughly "global" organisation. It has cut layers out of its old hierarchical management and is dividing its activities by business – motors, marketing and services such as insurance and shipping – rather than by location.

The new "global" approach mirrors the changes that have already taken place among Inchcape's customers in the motor and shipping industries. According to Mackay, who pioneered the change when he was head the group's Far East operation, it offers focus and specialisation.

Managers in each stream now report to a London-based board director. The change is meant to make the company more professional. "You can now attract specialists. Inchcape used to be a company of generalists – you did not get to the top if you were a motors person," says Mackay."

An aim of the restructuring is to cut the layers of executives above line managers and speed decision-making. Mackay says: "In the old days there used to be five layers of management above the man running one of our industrial companies in Hong Kong. By the time you got to someone who knew about industrial products, he was six levels down – and paid accordingly."

Inchcape believes streaming will speed growth, since people were very parochial when business was organised on a country or territory basis. "They tended to think of Hong Kong, but ignored Taiwan," says Mackay. "One reason that Inchcape Pacific has grown fast is that people were looking at the whole area."

Focusing on individual countries also prevented the easy transmission of best practice across the group. "Good people in Hong Kong did not pass on lessons – not because they didn't want to do it, but because there was no mechanism."

Business streaming should also counteract the understandable tendency of managers to cling on to their more talented staff – rather than send them to a another territory, where they might be needed more.

Despite this move towards running business on a global basis, Inchcape has recognised the need to retain a "country manager" – a senior executive who will try to co-ordinate all Inchcape activities in any given territory. Mackay says that in communities such as Hong Kong and Singapore, it is particularly important that there should be a "Mr Inchcape" – someone who can speak and act for the whole group in government and business circles.

> **"By the time you got to someone who knew about industrial problems, he was six levels down and paid accordingly"**

In most cases, the country manager will be the executive in charge of marketing, since he is likely to have the best knowledge of the local trading environment. Mackay says he envisages the country manager keeping a "fatherly eye" on smaller outfits as well as looking out for development and opportunities for the group as a whole.

Mackay is in no doubt about the relative importance of these changes. "Globalisation is 80 per cent of it and the country manager role is 20 per cent. Global is the watchword."

He also accepts that success will depend on the personalities of the individual managers involved. "It may work perfectly, it may get off to a rocky start – but we have to try."

David John, director of the marketing stream, says there is bound to be tension in some cases: "If a country manager and an executive have a falling out, it will be my job to fly in and bang their heads together."

Before anyone is recruited, prospective executives are introduced to a lot of people in the group, Japanese-style, to ensure they will fit in.

Mackay is also aware of the need for the group to "grow" more of its own managers: "We're not a big company like Shell – we are a collection of smaller companies."

In attempting to foster an international management culture, Inchcape has used the Euro-Asian Centre of the management school, Insead, at Fontainebleau in France. John said: "It's not British. We deliberately chose it because Inchcape is not British."

John says the Insead courses are more important in cultural than in educational terms: "We could hold courses in the Far East – it would be a great deal cheaper – but we must get our executives thinking internationally."

Inchcape organises two three-week sessions a year for high-flying middle managers in their thirties, and a two-week course for senior managers.

Despite these efforts, John believes the culture of the group is still far too British. He says it must start bringing more local managers through, without going down the road of tokenism, and hopes to make 70 per cent of appointments through internal promotion.

Mackay says sending in an expatriate can often be unjustifiably expensive, when that means the group has to pay for leave passages and the education of children. "We are trying to move towards a system where people are paid according to their level, not where they come from."

The culture of a group with its roots deep in Britain's colonial past cannot be changed overnight.

Change must also reach to the top – and Inchcape's board has only one member who is not British, a French non-executive director.

CONTRACTS & TENDERS

LEGAL NOTICES

CABLENET (UK) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at Orchard House, 10 Albion Place, Maidstone, Kent, ME14 5DZ on 7th February 1992 at 10.00am for the purpose of having laid before it a copy of the report prepared by the Administrative Receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors are only entitled to vote if:

(a) they have delivered to us at the address shown above, no later than noon on 6 February 1992, written details of the debts they claim to be due to them from the company and the claim has been duly admitted under the provisions of Rule 3 11 of the Insolvency Rules 1986; and

(b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf.

Please note that the original proxy signed by or on behalf of the creditors must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.

Dated: 17 January 1992
N J Vooght
Joint Administrative Receiver

CONSTRUCTION CONTRACTS

Teignmouth sewage treatment

COSTAIN OIL, GAS & PROCESS has been awarded a £5.65m contract by South West Water Services to install a major sea outfall at Teignmouth in south Devon.

The outfall – 2.35km long and 965mm in diameter – forms an integral part of South West Water's Teign Estuary coastal sewage treatment scheme, which is being undertaken to improve the environment in the estuary and to bring the coastal water's bathing quality up to European standards.

The Teign scheme is one of over 30 coastal sewage improvement schemes in the company's "Clean Sweep" programme.

The contract will be carried out by Costain Oil, Gas & Process's pipeline and offshore division – formerly Land & Marine.

Work at the site will start in early February with the construction of a temporary jetty at Shaldon where the pipe strings will be fabricated. The pipes will be pulled offshore in a trench which will be dredged in June/July. Once the pipe is installed, selected stone backfill and previously excavated material will be placed over it and the trench refilled to original bed levels.

Ancillary works include a short landline section and valve chambers connecting into the main collecting system. Consultant for the project is ACER of Plymouth.

Housing students

TEAM SERVICES's single-source responsibility university/college accommodation package has produced two contracts worth nearly £13m.

The first (£7.9m), for the Polytechnic of East London, is to design and build 504 studies in 11 blocks set around informal courtyards, which include self-catering facilities and associated car parking.

A three-phase fast-track programme provides for the completion of the first phase in September 1992.

The second (£5m), for the University of Wales, College of Cardiff, is to design and manage the refurbishment of 1,061 rooms, many with full en suite facilities, on two sites.

The bulk of the work will be completed in just 12 weeks during the forthcoming summer vacation.

Team Services is based in Enfield, Middlesex.

Hotel development in Portugal

TRAFALGAR HOUSE CONSTRUCTION MANAGEMENT, a member of the construction division of Trafalgar House, has won two contracts in Europe.

The first, valued at £22m, is to provide management services during development of a hotel and casino at Troia in Portugal.

The client is the Casino Hotel de Troia (CHT), a subsidiary of Torralta, and work involves the preparation, organisation and management of the following phases of the project:

Masterplanning and co-ordination with client specialists; appointment and management of consultants; preparation of client's brief; preparation of project specification; development of detailed design; management and control of construction; commissioning of building and management of occupation by client's staff.

The contract is on part of the Troia Peninsula development near Setubal, 30 minutes from Lisbon, edged by the Atlantic and the Sado river on the site of ancient Roman ruins.

Located on a prime waterfront site with a casino immediately adjacent, the hotel building is a requirement of the casino licence and will be of five-star standard.

Its facilities will include: 220/242 rooms including 23 suites – some with individual indoor swimming pools; indoor and outdoor swimming pools; ground floor lobby bar; retail outlets; coffee lounge; restaurant; fitness club and sauna; and extensive landscaping and parking.

The second contract is a joint venture with Walter Bau AG of Germany worth £6.25m (DM18.02m) for the construction of a factory and offices in Cologne.

£80m work for Tilbury Douglas

The construction division of the recently created **TILBURY DOUGLAS GROUP** has been awarded a range of new contracts worth more than £80m.

They include £14m-worth of work for the privatised water companies; a £10m package for clients in the petrochemical industry; more than £2m for British Rail; and over £3m of work for the privatised electricity companies.

Tilbury Douglas has also been awarded two separate contracts for mechanised letter sorting offices by the Post Office, together worth in excess of £11m.

Other smaller building contracts include awards of over £4m from the public sector and more than £15m for large private sector clients. They include projects for Safeway, British Steel, Arlington Developments and the Royal Bank of Scotland, along with £3m office projects for both Siemens Plessey and Refuge Assurance.

National Exhibition Centre extension

CROWN HOUSE ENGINEERING, part of Tarmac's construction division, has been awarded a £13.6m mechanical and electrical design and installation contract at Birmingham's National Exhibition Centre's new Hall 10 complex by Laing Midlands.

Due for completion in mid-1993 and already fully booked for the first four months after opening, the Hall 10 complex will provide four exhibition halls, a total of 30,000 sq metres of display space, with two large restaurants and a multi-purpose suite.

The existing atrium concourse will be extended, linking the new complex to the existing centre, which is already Britain's largest exhibition centre.

Crown House Engineering has started work on the project, which has an overall construction programme of 84 weeks, with completion scheduled for June 1993.

The contract will cover the design and installation of all HVAC and electrical services, fire protection systems, CCTV, public address and sound reinforcement systems, public health services, standby generators, exhibition services and a building management system.

Divisional police station in Belgravia

MOWLEM BUILDING, a division of John Mowlem Construction, has been awarded a £7m contract to build a divisional police station for the Metropolitan Police at 202-206 Buckingham Palace Road, London SW1. Work has just started with completion scheduled for mid 1993.

The contract involves building a five-storey building clad in decorative facing brickwork. Mowlem is also handling the fitting out and all mechanical and electrical works and external landscaping.

The building will be used as offices with the basement providing car park and service facilities.

The project is being managed by the property services department of the Metropolitan Police whose chief engineer is responsible for the design of the mechanical and electrical services. Consultant architects are Raymond Smith and Associates.

Country park project near Heathrow

A £1.58m contract for the north site barrier works at Bedfont Lakes has been awarded to the piling division of **FAIRCLOUGH CIVIL ENGINEERING**.

Bedfont Lakes is a 250-acre site the Rutland Group is developing less than a mile from Heathrow Airport. Rutland is transforming the majority of the once derelict former gravel works into a 188-acre country park. Site restoration costs are being financed by 56 acres of commercial and industrial development.

The engineering contract involves the execution of an environmental protection system, which includes Bentonite cut-off walls and gravel venting to parts of the north site venting system, and ground water drainage provisions on part of the south site.

Other works include demolition of parts of the north site which have been used for industrial purposes; excavation of lakes and ponds and formation of mounds to the north site industrial areas.

A particular aspect of the works is the ground water drainage provisions of the environmental protection system, designed following a hydro-geological assessment.

Council houses

HALL & TAWSE GROUP has clinched the first phase of a £45m housing redevelopment scheme in Bristol.

Southampton-based Hall & Tawse Southern has recently started work on the first £2m stage of the 7-10 year development programme for Bristol city council.

The project will involve the staggered demolition of 658 defective 60-year-old Parkinson concrete houses and the construction of 1,000 houses and flats for residents in the 60-acre Upper Horfield estate.

Hall & Tawse will also construct 44 two- and three-bedroom homes on an undeveloped corner of the Horfield estate.

Computer data

BRITANNIA CONSTRUCTION has won a batch of orders worth £3m. The largest award is a £900,000 26-week contract with Nuclear Electric to construct a computer data centre in Gloucester.

Oil shipments

RENDEL PALMER & TRITTON has begun inspection of one of Kuwait's main oil exporting jetties just 14 days after submitting a bid.

The survey and assessment contract is for the Kuwait Oil Company at the Mina-Al-Ahmadi south terminal, for which RPT were the engineers during its construction by Bechtel in the 1950s at a cost of £4.5m.

Light railway

THOMPSON HORSELEY BRIDGE has won a contract worth more than £600,000 to supply and erect five bridges for the first stage of the light railway system being built in Sheffield. The contract, awarded by Balfour Beatty Power Construction, is for a mixture of rail-over-road and rail-over-river bridges.

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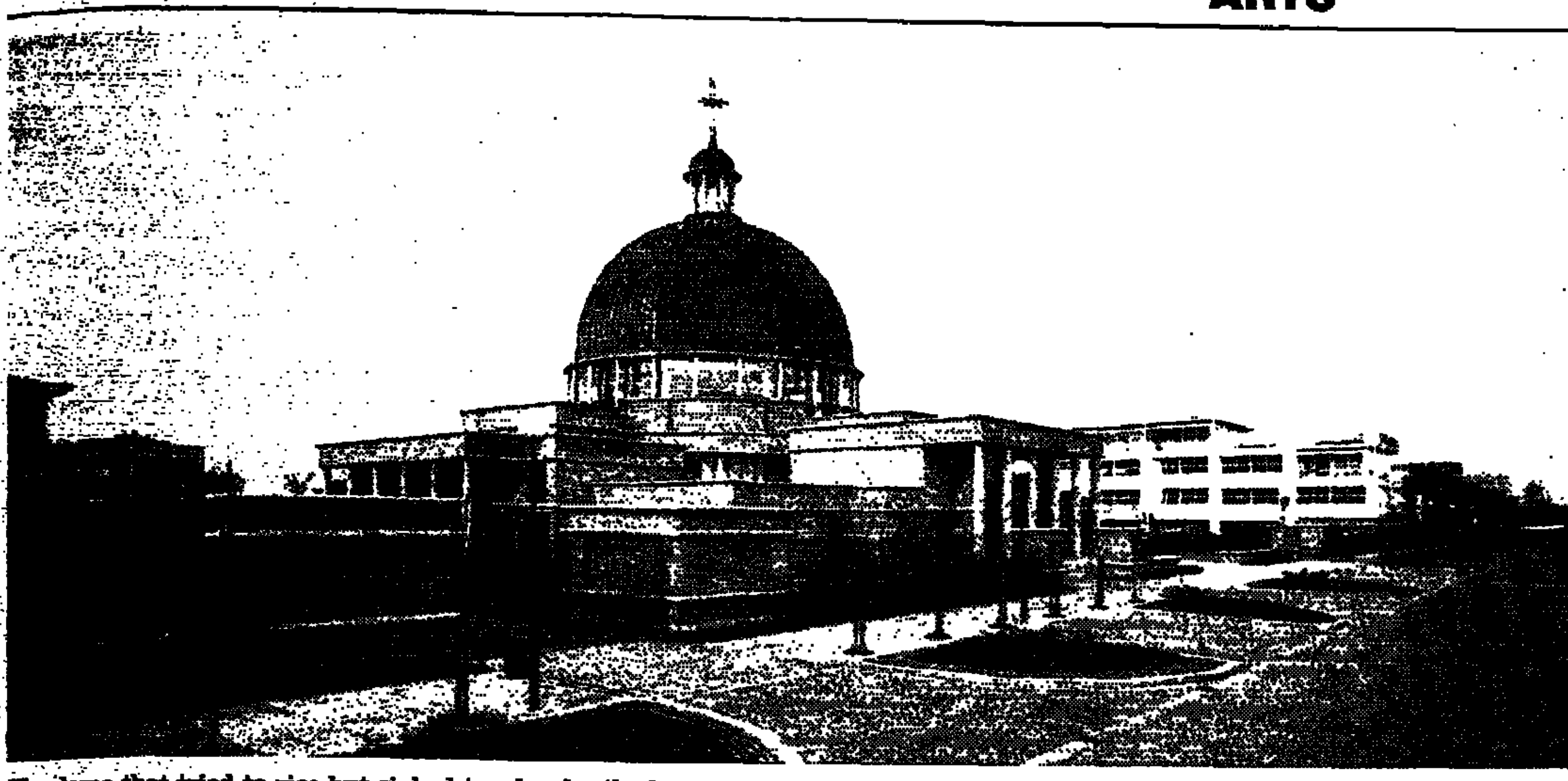
ARTS



The dome that tried to rise but sighed too deeply: the brand new ecumenical church in the town centre designed by PDD architects

ARCHITECTURE

Milton Keynes: the view from the grid

Cities are dense and difficult places. They both elevate and depress the human spirit. God and Mammon fight for the city's heart *while mere mortals scurry about their* business hoping to find solace from the daily grind. Cities are more than paper diagrams of imposed order. They flower out of adversity and take time to establish their character and culture. They need a purpose higher than mere accommodation, a status beyond statistics.

Milton Keynes in Buckinghamshire is celebrating 25 years of birth pangs this month. It is described as the fastest growing city in Britain – its population when it was designated in 1967 was 18,850, today it is around 150,000. It is the last new town to be commissioned in England and in many ways it demon*strates the easy solution to the prob*lems of our declining cities. It is relatively straightforward to take 22,000 acres of Buckinghamshire farm land and turn it into an efficient new suburb; it is much harder to plan and organise the rejuvenation of those English cities that exploded in the 19th century and have never quite recovered their equilibrium.

No one underestimates the skill and *hard work that goes into persuading* people and businesses to relocate to a new town. But it cannot be denied that it helps to have a blank sheet, and it certainly helps if your blank sheet can be laid across some desirable meadows half way between London and Birmingham and near good motorways and railways.

What does Milton Keynes look like after 25 years? How successful is it? Can *it be described in any way as a city?*

When it comes to visibility and civic appearances Milton Keynes does not score highly. What you see derives strictly from the plan created in the late 1960s by Llewelwyn-Davies Weekes *Forestier-Walker and Bor under the* particular guidance of one partner, Richard Llewelwyn-Davies. He was described at the time as "the intellectual leader of the scientific wing of English architects". He was subsequently to become a Labour peer.

His plan was for a town dedicated to ease of movement by motor car. The basis of the plan is a grid of roads; and each kilometre square of the grid formed the boundary for local development. The grid linked the existing settlements at Bletchley, Wolverton and Stony Stratford with the new centre of Milton Keynes. A famous perspective view of the future new city was drawn *early* on by Helmut *Jacoby*, in which a bubble helicopter hovered over a leafy grid of roads, water and low-rise buildings.

His vision was accurate. You can visit Milton Keynes today and not really notice the town at all because of the effectiveness of the tree planting and landscaping. Actually you could just spend your time exploring the double grid: at one level there is the *superior network of landscaped roads* for cars, and below there is another network of "Redways", landscaped pedestrian and cycle tracks. In summer, with a bicycle, you could have quite a good day out on the grid.

Since the inception of the town, some 15 million trees have been planted, wide planted verges are everywhere and there must be hundreds of planted roundabouts. Because all the buildings are low rise – indeed there was apparently a planning instruction that nothing was to be higher than a tree – the town is largely invisible.

Because of this strange sense of arboreal limbo it is quite a shock to *dive off the road grid into the housing* neighbourhoods. But it is a salutary shock. Here is written the history of British housing design over the last two decades. It is also the history of British architecture.

The new town assembled good teams of well known architects. Influenced by the grid, early housing like Netherfield ran long, low, flat roofed terraces across half a mile of landscape. Netherfield was designed by Jeremy Dixon, Ed Jones, Chris Cross and Mike Gold. It had aluminium roofs and plastic fins dividing house from house in the terrace. As the land dropped so did the houses, but the long flat roofs continued at one level height throughout, sometimes leaving large gaps between the houses and the roof.

Norman Foster's office also designed some housing for Milton Keynes in the early days at Beanhill. The houses had flat aluminium roofs clad with profiled aluminium panels. This experiment failed and after a law suit, pitched roofs were added to the terraces.

Today those sorts of terrible *architectural experiments would not be* allowed and the idea of regimented workers' housing – however much part of Llewelwyn-Davies's and others' Leninist dreams – has vanished. A tour of the housing areas today is, if anything, like a visit to the Ideal Home Exhibition; 69 per cent of the population are house owners and houses are largely built by private developers following standard guidelines. There are good vernacular "fishing village" designs by architects like Richard Mac Cormac, Wayland Tunley, Peter Aldington and Ralph Erskine. There are also mock Tudor houses, Georgian houses, thatched *houses, regency houses, and every* conceivable variety of gingerbread houses. Both Hansel and Gretel would be happy here.

The town centre and almost all the public and commercial/industrial buildings are in marked contrast to the housing. The enormous shopping centre, which provides an indoor street almost as long as Oxford Street, is cool and Miesian. It has a faint air of Mussolini's new Rome about it, but perhaps that is because of all the travertine. The railway station and offices are mainly glass boxes, but there are some more interesting, very new buildings like the polytechnic by Ted Cullinan and the headquarters of Pharmacia by Hobbs Architects. There is the brand new ecumenical church, with its dome, at the centre of the town, designed by PDD architects. This ought to have been much bigger: the dome does not do what domes are meant to do and sail over the lower buildings. Instead it looks as though it tried to rise above its surroundings but sighed so deeply that it sank down again.

That somehow sums up what I feel about Milton Keynes – it ought to have been wonderful but it isn't. None of our really good architects worked on any of the public buildings – and although all the trees are splendid, the built fabric of Milton Keynes is not of the calibre needed to make it a city. It is the garden suburb adapted for the car, and oh so carefully planned.

Colin Amery

Faith Healer

ROYAL COURT THEATRE

After the delights of his *Dancing at Laghnasa*, Brian Friel's new play turns out to be relatively heavy going. Indeed, were it not for his charming Irish way with the English language and the excellence of the acting, one would be tempted *to say that it is overlong* and dangerously thin.

Faith Healer does not have much of a theme. It might be summed up as "what is the difference between someone who occasionally achieves miraculous cures and a quack?" The answer is not a lot. A subtheme, explored in the second act, is what is the difference between a faith healer and a music hall artist. The answer *is much the same.* Sometimes it works, sometimes it doesn't. No-one can say for certain why the act comes off one night, and not another.

Being Irish, it might have something to do with the drink. Friel, however, is careful to state that neither the whiskey nor the lack of it give the full explanation. The mystery of why the same act can fall flat at times and be a brilliant success at others remains unsolved.

There are sufficient references to *Laurence Olivier in the text to suggest a direct* debt to John Osborne's *The Entertainer*. It was Olivier who played the old fading comic in Osborne's play and told the audience not to applaud too much – "it's an *old building*". Teddy, the business manager in the faith-healing act, explicitly draws the parallels between entertainment and cure, failure and success. It is all show business.

One of the reasons why it is heavy going is that Friel has chosen to present the play as a series of monologues. There are only three characters; they never appear together. First, Frank Hardy, the faith healer, tells the story of travelling around the Celtic fringes of the United Kingdom practising his arts and wondering whether he *has extraordinary gifts or is no* more than a con man. Strikingly, he never goes to a metropolis. Most of his works take place in the upper reaches of Scotland or Glamorganshire. *The majority of the people* who come to him, he notes, are despairing.

Then Grace, his *wife, to* whom Frank insists on referring to in public as his mistress, tells the story again in a slightly different light. The daughter of a Scottish judge, obviously she adores him. In the second act the story is told by Teddy, the man responsible for keeping the show on the road. At the end, Frank returns for a final monologue, Grace having died from an overdose of sleeping pills in Paddington. The fatal mistake, apparently, *was to attempt to* take faith-healing to Dublin: it doesn't work on home ground.

In between times, there is a good deal of Fred Astaire singing *The Way You Look Tonight.* It was the great hit song in the year that Frank and Grace met. How much significance it has beyond that defies me, though the words might explain why the faith-healing sometimes works.

It is all excellently done, as you would expect in a play by Friel and directed by Joe Dowling. Teddy, in particular, has a terrific scene at the beginning of the second act where he tells about his performing dogs. He is marvellously played by Ron Cook. Donal McCann as Frank is even better when he appears for his final soliloquy than he *is at the start. Sinead Cusack* has some pathos and dignity – perhaps not enough – as Grace. But when you come down to it, it is not much more than a lot of lovely Irish words. The Irish have a knack of getting away with it.

Malcolm Rutherford

American symphonists

Andrew Porter reviews much noisy, angry, well meaning music and has to cover his ears

According to a recent survey by the American Symphony Orchestra League, covering five years of programmes by the leading orchestras, John Adams (the composer of the operas *Nixon in China* and *The Death of Klinghoffer*) is the living American composer most often played. Kurt *Masur* began his directorship of the New York Philharmonic with Adams's *Short Ride in a Fast Machine* and *Tromba Lontana*, two short works, one loud and one soft. *El Dorado*, Adams's latest orchestra piece, was given its premiere recently by the San Francisco Symphony, which commissioned it. It's about "the greed of the eighties", we are told, with a first movement, angry and violent, that is "my own response to the Gulf War".

I've not heard *El Dorado*, but last month in New York there were two symphonies containing much angry, noisy music. John Corigliano's First Symphony was inspired by the sight of the AIDS Memorial Quilt, those thousands of commemorative panels for those who have died. Each movement recalls a lost musician friend. The first, "Of Rage and Remembrance", begins "fero*ciously*" and includes pages on end of slashing chords marked "tutti as loud as possible", but in a quiet episode a distant piano is heard playing the Albeniz Tango, a favourite piece of the pianist friend remembered.

The central movement, a Tarantella, recalls a friend in the music business, famed for his wit, who became mad; a trivial tarantella tune is put through increasingly horrible distortions. Corigliano found the motto theme of the finale, "Giulio's Song", while listening *to 30-year-old tapes of himself* and a cellist friend improvising. Played by a solo cello, it begins with the whole-tone ascent that in Berg's Violin Concerto spells "Es ist genug". Other themes join it; in the score they are named, and the names are those of musician friends who have died. The music mounts to a battering funeral march, with the clash and clamour of bells; in a quiet coda earlier themes are recalled.

The work was commissioned by the Chicago Symphony, which gave the first performance, under Barenboim. It was recorded (Erato); the disc has stayed for months in *Billboard*'s Classical Top Ten; Corigliano won the Grawemeyer Award, music's "Nobel Prize". (Birtwistle, for *The Mask of Orpheus*; Ligeti, for the piano Preludes; and Chinary Ung, for *Spiral*, were earlier winners.) At the New York premiere, which was given by the Philharmonic under Leonard Slatkin, panels of the Quilt hung in the lobby of Fisher Hall, and the audience was invited to inscribe the names of dead loved ones on a new panel. The emotional charge was high. The critic must steel his heart to say that, for all the pain and grief and love that it expresses, the musical means of expression are undistinguished, conventional, obvious. The *New York Times* went so far as to call the result "vulgar".

Aaron Jay Kernis's Second Symphony, which was given its first performance by the New Jersey Symphony under Hugh Wolff, addresses even more "the endless violence of the Gulf War, the subtle and unsubtle encroachment upon women's and minority rights, the hovering threat of censorship of artists along with the economic, social, and medical disasters that plague us daily". Adams is 45, Corigliano is 54; Kernis is a younger composer, born in 1960, who has become very prominent. He wrote some good, exuberantly inventive works in his youth: *Dream of the Morning Sky* (1983), for soprano and orchestra; *Love Scenes* (1987), for soprano (Dawn Upshaw) and cello. But now, as work after work after work pours out, he seems content to press the conventional response triggers.

His first symphony, *Symphony in Waves*, had its premiere earlier this season from the New York Chamber Symphony, and has been recorded. It included Adams-like passages of minimalism. The *movements of the Second Sym*phony are entitled "Alarm" "Air/Ground", and "Barricade". The first, marked "aggressively", contains wave upon wave of noisy climax underpinned by ostinato. In the second, simple melodies wander over "grounded" harmonies. While writing the third, Kernis says, "a recurring image was the building full of innocent Iraqi civilians under siege which was mistakenly bombed and obliterated nearly a year ago"; it ends with the loudest noise I have ever heard in a concert hall – four tam-tams whacked "at maximum volume" for five long seconds. Audience and orchestra players covered their ears.

Crash-bang – alternating (but not always) with episodes soft, sentimental, and soupy – has become the mode of the successful American orchestra works taken up in *city after* city. Del Tredici's Alice *screams at the top of her voice*; *he himself describes his Steps*, composed for the Philharmonic, as "violent and raucous . . . clattering . . . Godzilla battling Megalon". This is music for people already half-deafened, responsive only to high-decibel assault. And he is not the only composer who writes it.

Poster-art is in vogue. American orchestras (and their conductors) – shunning Carter, Sessions, Wuorinen – embrace it. When not strident, it's "nostalgic". In the programme that brought the Kernis, there was a "new" Flute Concerto, by Joseph Turrin, in sub-Prokofiev vein. In the Philharmonic programme after the one that brought the Corigliano, Slatkin championed Claude Baker's *Shadows*, a "Japanese" piece such as many composers have written: a flower arrangement of exquisite sounds – scratch, patter, tinkle and ting – based on four haiku but also (with full acknowledgement and near-quotation) on movements by Mahler, Britten, and Stravinsky. Dainty working, no harm it in at all – and no sustenance. We might as well have been listening to Takemitsu.

St Matthew Passion

ROYAL FESTIVAL HALL

The programme-book for the London Philharmonic concert on Saturday had an informative interview with their conductor, young Franz Welser-Möst, about his approach to Bach's St Matthew Passion. "Basically the big pulse in the entire piece comes from the recitatives, and the other numbers just have to fit in," he *said, and that was exactly how* it turned out. Yet one mightn't have foreseen just how swift that would be: the result was quite possibly the speediest performance of the Passion ever heard. Twenty minutes before the announced ending-time, it was over.

The evangelist-narrator was the young tenor Kurt Azesberger, admirably clear and communicative, who allowed himself more dramatic involvement as the story proceeded. As promised, the work swept along without a pause or hesitation. *In that sense at* least, there was all the narrative urgency one could want.

The pious gravity long favoured by British choral tradition went out of the window; the young Mozart Choir of Linz had been imported for the occasion, and (with choirboys from St Alban's Abbey) they sang lightly and trippingly. If there is pathos or tragedy in the work, it had to be deduced from the text.

The voice of Jesus was Jeffrey Black's light, romantic bass. The soloists Welser-Möst chose were a young quartet as distinguished as could be found today Lynne Dawson, *Anne Sofie* von *Otter*, John Mark Ainsley and Olaf Baer but they were kept on a very tight leash. The notion that the solo arias are the windows on to personal feeling got short shrift: in their first arias soprano, alto and baritone all sounded hustled, though they coped bravely.

Even Miss von Otter's "Erbarme dich", with a lovely obbligato by the leading violin, emerged as gracious and pretty, not grief-stricken. In the circumstances the more energetic arias made the stron*gest impressions, as well as* the vivid duet for women with chorus, "So ist mein Jesus nun gefangen". The great final chorus became a charming pastoral.

The double orchestra was rather fully manned by the London Philharmonic players on modern instruments, without pretending to a Baroque sound but carefully avoiding Romantic manners. The one period touch was a good viola da gamba, invaluable for Baer's "Geduld".

As a whole reading, Welser-Möst's treatment of the Passion was impeccably consistent and no doubt his tempi, or many of them, could claim *greater authenticity* than any grave Victorian trudge. Yet it seemed not merely light, but lightweight. Perhaps, after all, such tempi need period instruments to lend them enough expressive bite.

David Murray

Jazz at the Palladium

Tenor-saxophonist Sonny Rollins returns to London on Sunday April 26 for a one-night engagement at the London Pal*ladium. He will be accompan*ied by the band he has led for the past decade – Clifton Anderson (trombone), Al Foster (drums), Mark Soskin (keyboards), Jerome Harris (guitar) and Bob Cranshaw (electric bass).

Booking information from (071) 494 5038.

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

■ AMSTERDAM

Concertgebouw 20.15 Parkanyi Trio plays piano trios by Schubert, Beethoven and Mozart. Tomorrow: Budapest Symphony Orchestra. Wed and Thurs: Chailly conducts the Royal Concertgebouw. Fri and Sat: Richard Hickox conducts the Netherlands Chamber Orchestra. Sat afternoon: Frans Brüggen conducts the Netherlands Wind Ensemble (6718 345)

Muziektheater 19.00 Hartmut *Haenchen conducts first night of* Harry Kupfer's production of Die Frau ohne Schatten, with Ben Heppner as the Emperor, Ellen Shade as the Empress, John Bröcheler as Barak and Deborah Polaski as the Dyer's Wife. Runs till Feb 21, with next performance on Thurs. Tomorrow and Wed: final performances of Offenbach's Les brigands. Fri: Nederlands Dans Theater (8255 455/credit card bookings 6211 211)

■ BERLIN

MUSIC

Staatsoper unter den Linden 19.00 Aida, also Thurs. Tomorrow: La traviata. Wed: ballets by Balanchine, Bogaerts and Forsythe. Fri: Zar und Zimmermann. Sat: Swan Lake. Sun: *Jenufa* (East Berlin 2004 762)

Deutsche Oper 20.00 Jazz evening with Catherine Gayer. Tomorrow: *Lieder recital by Grace Bumbry.* Thurs and Sat: Der fliegende Holländer. Fri: L'elisir d'amore. Sun: La Sylphide (West Berlin 34381)

Philharmonie Kammermusiksaal 20.00 *Guitar recital by Pepe* Romero. Tomorrow: Miguel Angel Girollet (West Berlin 8173 364))

THEATRE

The main event this week is a new Schaubühne production of Botho Strauss' play *Schlusschor.* *Previews* start on Wed (890023). From tomorrow, the Theater des Westens has daily previews of Sweet Charity, the *musical* by Cy Coleman, Dorothy Fields and Neil Simon (3190 3193).

■ BOLOGNA

Teatro Communale 21.00 *Shostakovich* Quartet plays string quartets by Shostakovich, Prokofiev and Debussy. Tomorrow: Tancredi. Thurs and Sun: Cimarosa and Pergolesi double bill (529999)

■ CHICAGO

Civic Opera House 19.30 Bruno Bartoletti conducts William Farlow's production of Turandot. Repeated *tomorrow*, Thurs, Fri and Sun with Eva Marton and Galina Savova alternating in the title role. These are the final performances of the Lyric Opera season (332 2244)

■ GENEVA

Victoria Hall 20.30 Gunther Herbig conducts the Orchestre de la Suisse Romande in Mendelssohn's overture A Midsummer Night's Dream, Brahms' First Symphony and Chopin's Second Piano Concerto with Nelson Freire, repeated tomorrow (292511). Thurs in Salle Frank Martin: Thierry Fischer conducts the Collegium Academicum in music by Bach, Gubaidulina and Schoenberg *(204396)*

■ MILAN

Teatro alla Scala 20.00 Piano recital by Maurizio Pollini, repeated next *Mon. Sat: Wolfgang Sawallisch* conducts first night of Arabella, with Felicity Lott in the title role. Sun: Fra Diavolo. Tomorrow till Sun in Teatro Lirico: daily performances of an entertainment *entitled Nights in the Gardens of* Spain (7200 3744)

■ NEW YORK

Blue Note Jazz Club and Restaurant Tonight's shows (21.00, 23.00 and 01.00) are by Steve Khan. The rest of the week is devoted to the final programme in Dizzy Gillespie's Blue Note Diamond *Jubilee.*

Entitled To Diz, With Love, it features 12 trumpet stars – a different pair each night – with the rhythm section of Junior Mance, Peter Washington and Kenny Washington. In addition to Dizzy, the trumpeters are Jimmy Owens and Roy Hargrove (tomorrow), Red Rodney and Wynton Marsalis (Wed), Doc *Cheatham and Jon Faddis (Thurs)*, Claudio Roditi and Wallace Roney (Fri), Donald Byrd and Charlie Sepulveda (Sat) and Lew Soloff and Terence Blanchard on Sun (475 8592)

Avery Fisher Hall Tomorrow's New York Philharmonic concert is conducted by Charles Dutoit and features Chantal Juillet as soloist in Szymanowski's Second Violin Concerto. Dutoit also conducts a programme of Roussel, Beethoven and Nielsen on Thurs, Fri and Sat (875 5030)

Carnegie Hall On Fri, Neil Rosenshein gives a song recital at Weill Recital Hall. On Sat, Zdenek Macal conducts the Milwaukee Symphony Orchestra in the New York premiere of *Gunther Schuller's Violin Concerto* (soloist Young Uck Kim), plus Roussel's Second Suite from Bacchus et Ariane and Dvorak's Eighth Symphony (247 7800)

Metropolitan Opera Tonight at *20.00, Christoph Prick conducts* the first performance this season of Fidelio, with a cast led by Hildegard Behrens, Reiner Goldberg and Matti Salminen. The only other Fidelio performances are on Fri, next Mon and Feb 6. Tomorrow and Sat afternoon: Turandot. Wed and Sat evening: Der fliegende Holländer. Thurs: L'elisir d'amore (362 6000)

New York State Theater City Ballet's repertory this week (from tomorrow till Sun) includes the world premiere on Wed of a new Peter Martins work with music by Charles Wuorinen (870 5570)

■ PARIS

Châtelet Tonight at 19.30 in the Auditorium (Forum des Halles). *Peter Eötvös conducts* the Ensemble InterContemporain in the world premiere of Philippe Fénelon's Le Chevalier Imaginaire, an opera with a prologue and two acts based on Cervantes and Kafka. Repeated on Wed and Fri. Tomorrow in main theatre: Armin Jordan conducts orchestral music by Ravel, Britten, Stravinsky and Dutilleux. Fri: Lucia Popp recital (4028 2840)

Palais Garnier Tomorrow's Bach concert is given by Musica Antiqua of Cologne. From Wed till Sun, the Ballet de Marseille gives daily performances of Roland Petit's production of Sleeping Beauty (4017 3535)

Opéra Bastille The main event this week is the first night on Sat of Andre Engel's *new production of* Lady Macbeth of Mtsensk. There are also two final performances (Wed and Thurs) of Mozart's Apollo et Hyancinthus and a Beethoven and Bruckner concert (Fri) *conducted by Marek Janowski* (4001 1616)

Théâtre des Champs-Elysées Tonight at 20.30: ballet gala with international soloists. Tomorrow: song recital by Katia Ricciarelli. Wed: *Yo-Yo Ma and friends play* chamber music by Brahms. Thurs: Rudolf Barshai conducts the Orchestre National de France. Fri: Alban Berg Quartet (4720 3637)

Opéra Comique There are performances of Lully's Atys tomorrow, Wed, Fri and Sat. William Christie conducts Les Arts Florissants (4286 8883)

Salle Pleyel On Wed, Thurs and Sat, *Carlo Maria Giulini conducts* the Orchestre de Paris in Verdi's Requiem, with soloists including Cheryl Studer (4563 0796)

■ VIENNA

MUSIC

Musikverein 19.30 Leopold Hager conducts the English Chamber Orchestra in music by Haydn, Schubert and David Matthews, with Hakan Hardenberger soloist in Hummel's Trumpet Concerto. Tomorrow: Elisabeth Leonskaja piano recital. Thurs: Ulf Schirmer conducts Martinu's The Miracle of Our Lady. Fri: piano recital by Oleg Maisenberg (505 8190)

Konzerthaus 19.30 George Cleve conducts the Stockholm Chamber Orchestra in music by Vaughan Williams, Mozart, Beethoven and Karl-Birger Blomdahl. Tomorrow: Alban Berg Quartet. Thurs and Sat: Pinchas Steinberg conducts a concert performance of Bellini's Beatrice di Tenda, with Edita Gruberova (712 1211)

Staatsoper 19.00 Die Zauberflöte with a cast including Gunnel Bohman, Kurt Moll, Jerry Hadley, *Heinz Zednik and* Anton Scharinger. Tomorrow: Madama Butterfly. Wed: Le nozze di Figaro. Thurs: Die Fledermaus. Fri: Un ballo in maschera. Sat: La bohème. Sun: Lohengrin (51444 2960)

Volksoper *19.00 Carl Millöcker's* operetta Der Bettelstudent. Tomorrow: Cosi fan tutte. Wed: Der Zigeunerbaron. Thurs: Lady Macbeth of Mtsensk. Fri: Die Zirkusprinzessin. Sat: La Cage aux Folles. Sun: Eugene Onegin (51444 3318)

THEATRE

Vienna's English Theatre (Josefgasse 12) has Willie Russell's *comedy* Educating Rita daily till Sat (402 1260). The Burgtheater has a new production of Shakespeare's Macbeth opening on Sat, directed by Claus Peymann. The Akademietheater repertory includes Gabriel Barylli's new play Honigmond and Brecht's Baal (51444 2218)

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NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Monday January 27 1992

A case of self-congratulation

IN A recession, finance ministers join ordinary mortals in worrying about job security. This does much to explain the hyperbole poured on what appears to be rather a banal communiqué from the finance ministers and central bankers of the group of seven leading industrial countries. In fact, the document reconfirms the outlines of global macroeconomic policy, restates known policies of individual countries and demonstrates a marked lack of urgency over two immediate challenges: the Uruguay Round of multilateral trade negotiations within the Gatt and economic reform in the former Soviet Union.

Yet several countries claim it is a "major breakthrough". Mr Pierre Bérégovoy of France, for example, asserted that "we have rediscovered the spirit of the Plaza and Louvre accords". Meanwhile, Mr David Mulford of the US claimed that there is a "clear commitment to world economic growth in this communiqué", so echoing his boss Mr Nicholas Brady who argued that the communiqué represented "a big change".

Yet the fundamental G7 stance is the same. "They believe strongly," say the ministers and officials of themselves, "that the appropriate framework is one of fiscal and monetary policies geared to sustainable growth with price stability over the medium term". Earlier in the same paragraph one finds the habitual emphasis on "co-operative efforts to improve the conditions for non-inflationary growth".

Wary approach

True, there have been changes, as Mr Brady claims, but the most important are those in the global economy itself. "The ministers and governors are convinced . . . that the forces that have been inhibiting economic activity in many countries are dissipating and that the conditions for improved global growth exist." But the sluggishness was itself not foreseen, which should make one wary of G7 claims that it knows either whether conditions for growth are in place or how to establish them, should they not be.

What the G7 has agreed, in effect, is that each country shall do what it thinks best (except for France, Italy and the UK, which must do what the Germans think best, and Japan, which feels obliged to pay attention to what the US thinks best). Half the communiqué is taken up with what read like official press releases from each country's finance ministry.

Yet the G7 is probably right to claim that actions already taken and developments already under way will bring recovery. It is, in any case, impossible for the G7 to massage economic growth from year to year. It must, instead, focus on providing a general framework for the world economy and stand by to deal with crises.

Failed opportunities

Here is where it has failed. Where, for example, was the serious attempt needed to grapple with the obstacles created by the G7 countries to completion of the Uruguay Round? The G7 may regret its cowardice. It may also regret its failure to respond sufficiently to the crisis in Russia.

Mr Norman Lamont of the UK was right to urge action on a stabilisation fund. Waiting for IMF membership is a flawed strategy, because it will take too long. Some believe that membership may be agreed by the Spring, but that is very optimistic. It would, in any case, delay provision of needed resources until later.

Weirdest of all is the view that the G7 cannot even afford a stabilisation fund for Russia. But Nato defence expenditures were around $500bn in 1991 and most of this huge sum was devoted to protecting the west from the Soviet Union.

Now the west enjoys an opportunity to stabilise the former Soviet Union on the basis of democracy and a market economy. The west also faces threats of nuclear proliferation from it and even of the use of such weaponry within it. Yet the response to both the opportunity and the threat is that action might be too expensive. This is unpardonably nonchalant. Posterity may conclude that this meeting represented not the resurgence of global co-operation, but an egregious failure to rise to an historic occasion.

City watchdog and the public

THE APPOINTMENT of a new chairman to the Securities and Investments Board raises important questions about the role of the UK's chief investment watchdog. Is its main job to protect the public, or to maintain an orderly and prosperous wholesale financial market in the City of London? Can these two tasks be successfully combined within one agency?

The SIB's first chairman, Sir Kenneth Berrill, succumbed to a chorus of complaints from the City about heavyweight rule books and excessive bureaucracy, which were seen as a direct threat to London as a competitive international capital market. His successor, Sir David Walker, restructured the regulations into a set of broad principles and a limited body of core rules. As a result, City institutions no longer protest so loudly that the costs of the system are going to drive them out of business.

The new chairman, Mr Andrew Large, can be expected to continue this process. An experienced practitioner, he played an important part in shaping a regulatory system which has proved acceptable to international financial firms, and he served as first chairman of the Securities Association, the most important of the self regulatory bodies answerable to the SIB.

Irreconcilable needs

But the SIB's task is a long way from complete, and its main challenges are in areas where Mr Large – like his predecessor – has no experience. The SIB has yet to show that it can square commercial pressures with investor protection in the crucial area of retail financial services. Throughout his four-year term, Sir David has struggled with investigations into life assurance, goaded at times by the Office of Fair Trading. The SIB has attempted to arrive at a consensus, but the conflict between industry practices and consumer needs has sometimes seemed irreconcilable.

Although the main job is to ensure that the public is not swindled, there is a requirement which goes beyond that to protect investors against unscrupulous sales agents and misleading promotions. Recent SIB research showing that well over a fifth of insurance policies are cancelled within two years demonstrates how far there is still to go in this respect.

Central issues remain to be tackled: about the disclosure of life assurance commissions; about the role of independent financial advisers; about the future of Fimbra, the regulatory organisation responsible for supervising thousands of advisers across the country. Heads will have to be knocked together to provide outcomes that meet the interests of consumers as opposed to those of producers.

Broader balance

As things stand, industry submissions on controversial topics tend heavily to outgun those from consumer bodies or the public. The SIB has the responsibility to impose its own broader balance over the framework of practitioner-led self regulatory bodies which are responsible for different sections of the investment industry. But in practice this has proved hard to achieve when board members are often working in a political vacuum and without the benefit of a strong and clear tradition as a regulatory agency.

Meanwhile, the Financial Services Act, which was passed in 1986 and which empowers the SIB, has failed to prevent a series of financial scandals or to build public esteem for the financial markets and their practitioners. In particular, the looting of the Maxwell pension funds has highlighted weaknesses in the present structures. Different responsibilities for Mr Maxwell's activities were attributable to the Securities and Futures Authority, the Investment Management Regulatory Organisation, and even the Department of Trade and Industry. In such circumstances, it seems, a ruthless operator finds it too easy to divide and defraud.

A knowledgeable and clear thinking practitioner may be the right person to head the SIB in its existing shape. Whether the present structure can provide the necessary level of consumer protection in the market for retail financial services is another matter.

Europe's market in food is being transformed by predators and fiercer competition, write **Guy de Jonquières** and **William Dawkins**

An appetite for acquisitions

Just when the fashion for large cross-border takeovers seemed to be waning, the battle between Nestlé of Switzerland and the Italian Agnelli family for the French Perrier group, the world's biggest mineral water company, has brought it bouncing back to life.

The contest is striking evidence that recession has not dulled corporate appetites for expansion in western Europe's $700bn-a-year food market, nor diminished the intense rivalry to wrest control of producers with world-class brands.

Since the mid-1980s, a wave of restructuring has swept through the industry, as manufacturers have scrambled to adapt to stiffer competition, changing tastes and products, faster innovation and the advance of European economic integration.

The challenge facing many companies is to grow bigger quickly, or to shrink. None has responded more aggressively than trans-national heavyweights such as Nestlé, the Anglo-Dutch Unilever group and Philip Morris, the US tobacco giant, which 18 months ago became Europe's third largest food group by buying Jacobs Suchard, the Swiss chocolate and coffee company, for $3.8bn.

A tier below in size, France's BSN has been an exceptionally active cross-border shopper, followed more recently by manufacturers including Britain's United Biscuits and Cadbury Schweppes and scores of smaller companies. All are looking to expand further – and some of those hunting are also potential prey.

The main limiting factor seems to be the number of prizes available. Many of the most desirable have already been snapped up or, in most countries except Britain, are defended against takeover. When a plum comes on the market, bidding can soar sky-high.

According to one chairman: 'number one makes a lot of money, number two can make a decent living, number three just suffers'

"I admit entirely that there is a lot of opportunism in it," says Mr Floris Maljers, co-chairman of Unilever. "Something is for sale and everybody begins to think feverishly, how does it fit into my strategy?"

The pace of change seems unlikely to slow – though there have recently been signs of a shift in direction. The 20 largest food manufacturers in Europe still account for only about 12 per cent of a market peopled by an estimated 100,000 companies. By contrast, 40 of the world's top spirits brands are controlled by only four groups.

However, the fragmentation of the food industry also reflects genuine diversity. It is really a cluster of many separate businesses, with widely varying competitive structures, growth rates, profitability and capital intensity.

Adding to the complexity are Europe's differing national and local taste patterns, which make truly standardised products and brands a rarity. Even as well-established a Euro-brand as Nescafé comes in 50 combinations of strength, taste and flavour.

Nonetheless, in some product categories supply is already quite concentrated. Unilever, for instance, accounts for an estimated 60 per cent of edible fats sales and a big slice of the ice cream business in Europe. Kellogg holds half the breakfast cereals market, while Mars, Nestlé, Suchard and Cadbury dominate in chocolate. By contrast, there are no clear leaders in sectors such as cheese, fruit juice or meat-processing.

However, even the biggest food companies do not attempt to compete across the entire spectrum, but have strengths in a limited number of areas. Indeed, some industry experts argue that, for all their financial clout, the majors operate industrially as federations of medium-sized companies.

Of all the factors spurring the race to grow bigger, probably the most important is changes in food retailing, above all in northern Europe. Though the trade remains largely nationally-based, the power of large supermarkets has substantially increased in the past decade. In Britain, France, Germany and the Netherlands, one or two chains now account for roughly a third of all food sales.

Meanwhile, the spread of electronic point of sale systems and more sophisticated management techniques is providing supermarket groups with up-to-the-minute data about what products they sell, in what volumes, and how much profit they contribute.

As a consequence, manufacturers, once used to lording it over the retailers, face fewer, bigger and more knowledgeable customers, which not only bargain harder on price but are increasingly choosy about what they stock. The trend seems certain to develop further, particularly as supermarkets in different European countries press ahead with efforts to purchase and develop new products jointly.

The increasing competition for precious shelf-space is making life steadily harder for brands without strong consumer loyalty or powerful promotion. In the words of Mr Antoine Riboud, chairman of BSN: "In this business, the number one makes a lot of money, the number two can make a decent living, the number three just suffers."

The rapid growth of private-label products, sold under retailers' own names at prices which usually undercut top brands, has added to the pressure. More than a third of all packaged groceries sold in Britain – and roughly a fifth in France, Germany, the Benelux countries and Switzerland – are now private label.

"The low and high ends of the market are growing, but the middle ground is really being squeezed," says Mr Peter Mensing, a food industry specialist with consultants Booz Allen. "Manufacturers have either to trade up or down."

Most at risk are second- and third-rank manufacturers which compete mainly on price and in one national market. Many – particularly in the UK – have been driven to expand across European borders largely to offset dependence on a handful of powerful customers at home.

The acquisition motives of the bigger companies are more complex. Broadly, they fall into three categories:

● Extending the power of established brands, the source of profits and market power. "Everyone today is trying to get a bigger leverage to the consumer and a bigger leverage to the trade," says Mr Camillo Pagano, vice-president of marketing at Nestlé.

Though large groups hold big shares of the overall European market in certain products, their strengths are often unevenly spread. BSN, though the world's biggest biscuit-maker, still does three quarters of its total sales in France and Italy, while two thirds of Suchard's $4.5bn turnover is in Germany and France.

Often, the only way to achieve a better geographic balance is through small acquisitions. Unilever, for instance, made more than 100 at a cost of about $2.5bn in the second half of the 1980s.

● Filling up costly distribution and manufacturing capacity by adding new products. That is becoming increasingly important as large food companies increasingly centralise production in fewer plants designed to serve the entire European market.

● Diversifying into new businesses. Though overall European food consumption is increasing only slowly, businesses such as fresh, chilled and convenience foods are enjoying rapid growth and high margins. Innovations in these markets are often pioneered by smaller companies, which often sell out to bigger groups.

The dilemma facing all would-be acquirers, however, is that keener rivalry has driven up the prices of quality targets, while extracting quick returns is increasingly difficult. Scope for boosting profits simply by cutting the costs of acquired companies has diminished, because many have already streamlined their operations and improved efficiency.

"Generally speaking, at today's high prices it may be difficult to consider an acquisition because you couldn't make it pay unless there were some unusual synergistic elements which would reduce this non-return calculation to a more favourable basis," says Mr Hans Storr, executive vice-president and chief financial officer of Philip Morris.

But achieving worthwhile "synergies" can be a tricky proposition in a business as diverse and fast-changing as food, where scale economies often lie as much in marketing as in manufacturing. Some industry experts believe opportunistic acquirers have over-estimated the potential benefits. "Cost savings from synergies often prove illusory or fail to cover acquisition premiums," says Mr Ian Davis, director of the European consumer industries practice at consultants McKinsey.

A growing awareness of the risks is prompting a search for other expansion routes, such as alliances. Nestlé, once averse to joint ventures, has recently teamed up with General Mills of the US to exploit the international breakfast cereals market, with Coca-Cola in canned coffee and with BSN to buy Cokoladovny, a Czech biscuit and confectionery company. Nestlé also says it is prepared to settle initially for a partial shareholding in Perrier, if necessary.

Mr Jim Grover of OC&C Strategy Consultants, which advises several leading European food companies, says they are increasingly interested in collaboration in preference to outright purchases. But he also admits that only about 10 per cent of joint venture proposals get beyond the ideas stage.

The dilemma facing would-be acquirers is that the prices of quality targets have been driven up, while making quick returns becomes harder

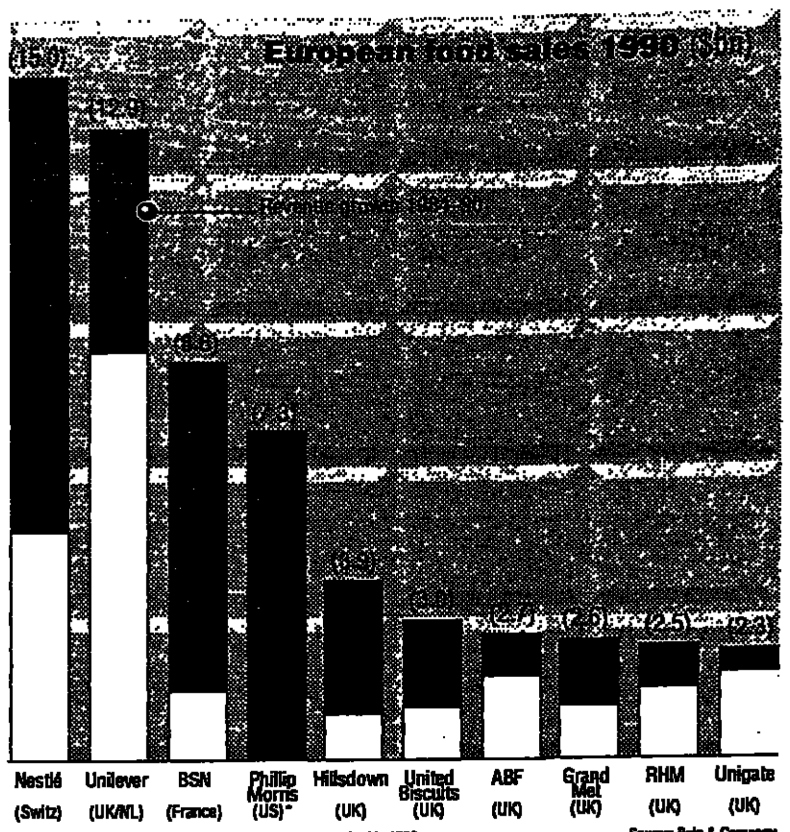
A further element is the intrusion of anti-trust regulation, particularly from Brussels. If Nestlé's bid for Perrier succeeds, it will probably be the first big food industry deal to be vetted under the EC merger control regulation since it took effect 16 months ago.

None of these developments, however, is likely to slow the competition which is relentlessly bearing down on weaker players. Adding to the pressure are the ambitions of big US food groups such as Philip Morris, PepsiCo, Sara Lee and Campbells Soup, all of which see European expansion as a high priority.

Says Mr Maljers of Unilever: "I see a future for two kinds of food company: the well-managed specialist with perhaps one product in one country, and the multinational. Middle-sized companies present in only two or three countries are in trouble."

Some in the industry would consider that prognosis excessively stark. However, it is also a salutary reminder that building a broader international base is only one – and not necessarily a sufficient – condition for surviving in the European food markets of tomorrow.

At least as important are the ability to carve out carefully-defined business segments and to exploit them with single-minded dedication. In a highly-fragmented industry where even the biggest players have prospered by focusing selectively on core products and skills, the company which spreads its resources across a wide range of activities and markets is more at risk than the small producer committed to doing one thing superlatively well.



*Kraft General Foods only, excludes Jacobs Suchard, acquired in 1990

Source: Bain & Company

Top ten cross-border mergers and acquisitions

BIDDER	TARGET	YEAR	$BN
Nestlé (Switz)	Rowntree (UK)	1988	4.92
Phillip Morris (US)	Jacobs Suchard (Switz)	1990	3.80
BSN (France)	Smiths Crisps, Walkers Crisps, Jacobs (all UK) Saiwa (Italy), Belin (France)	1989	2.50
Nestlé (Switz)	Buitoni	1988	1.40
Pepsico (US)	Smiths Crisps, Walkers Crisps (UK)	1989	1.35
Sudzucker (Ger)	Raffinerie Tirlemont (Belgium)	1989	0.99
BSN (France)	HP Foods/Lea & Perrins (UK)	1988	0.34
Ferruzzi (Italy)	Lesieur (cooking oils division) (France)	1988	0.26
Freia (Norway)	Marabou (Sweden)	1990	0.23
Kuwait Investment Office	Ebro (Spain)	1988	0.22

Source: KPMG

OBSERVER

Volvo's latest spin

■ Pehr Gyllenhammar's latest industrial power play – merging Procordia with Volvo – brings the restless, iconoclastic Swedish industrialist back into the limelight after a time in the shadows.

Some observers had thought that his decision 15 months ago to hand over the chief executive's job at Volvo to Christer Zetterberg, seven years his junior, indicated he was moving into semi-retirement. However, nothing could have been further from the truth as Zetterberg has found to his cost. The planned merger is just the latest of Gyllenhammar's grand corporate ideas for Volvo.

The 56-year-old Gyllenhammar was always keen on seeing Procordia under Volvo control ever since a meeting in September 1989 with the then state-owned food and pharmaceutical company's chief executive Soren Gyll. At a two day seminar at the vineyards of Sweden's state monopoly Vin and Sprit in southern France, where the then finance minister Kjell-Olof Feldt was also present, the seeds of a Volvo/Procordia deal were sown.

However, Sweden's ruling Social Democrats had ideological doubts over selling a state company to Volvo. Instead it was agreed the state and Gyllenhammar would form a joint partnership. But as Volvo's boss makes clear in a recent book of conversations he never accepted this was the end of the matter and expected sooner rather than later that Procordia would find its way into Volvo's hands.

Japanese admirer

■ Did you know that the works of Robert Burns, pronounced correctly in guttural eighteenth century Scots, sound very like Japanese?

Burns' scholars have Japan's new consul-general in Edinburgh, Seiichiro Otsuka, to thank for this remarkable discovery. Ichi – as Scots friends call him – proved his point beyond doubt when he replied admirably to the Speech to the Immortal Memory, at a Burns Night Supper in Edinburgh last week.

After convincingly declaiming a rasping piece of abuse from Burns' poem Tam O'Shanter, he said: "To be honest that sounds very close to what my wife says to me the whole time." The diplomat says he practises Burns' Address to a Haggis – "Fair fa' your honest, sonsie face, great chieftain o' the puddin-race etc" – while giving his three year old son his bath. The boy now runs round the house shouting the last line: "Gie her a Haggis."

He also revealed another trade secret. The dead poet is helping Japan's pedestrians walk more briskly through life's traffic jams. The tune of Burns' poem "Comin thro' the rye", is played at Japan's pedestrian crossings whenever the lights turn to green.

Gallows humour

■ If the German delegation to the Group of Seven finance ministers meeting over the weekend was in any doubt about the US wish for faster growth, it was dispelled in preliminary talks.

The meeting room at the hotel in New York's Garden City overlooked a large block of unsold appartments. "That's why we brought you here; to show you the recession," joked David Mulford, the US Treasury under secretary for international affairs. However, the surroundings could have been grimmer than Garden City with its boulevards and air of fading inter-war gentility.

The US Treasury initially thought of hosting the meeting in a hotel nearer to J F Kennedy airport. But this was rejected when it was found to be the place where the US immigration service parked illegal immigrants before returning them to their homes.

"How did you rate John Major's musical taste?"

Decision time

■ Isn't it time the UK government stopped shilly-shallying and decided who's to follow Sir David Wilson as governor of Hong Kong?

People living there would certainly welcome a decision in place of gloomy rumours such as that the post has already been hawked round Tory politicians, all of whom said no. And as for the much tipped David Owen, HK dignitaries visiting London last week were reputedly told by Labour foreign affairs spokesman Gerald Kaufman that the former SDP figurehead has "less chance than a waiter" of getting the job.

A good way of short-circuiting the ditherings about whether it should go to a politician or a diplomat would be to appoint a successor from business. After all, Hong Kong is a thriving centre of trade, not least for UK companies, and a business leader as its last British governor could help to ensure it continues as such after the 1997 handover.

One – and only one – who might fit the bill is Hongkong and Shanghai Bank chairman Willie Purves who has just made John Gray chief executive of the bank, having previously held both posts himself. He remains firmly in control, but as a vigorous 60-year-old has the leadership strengths and negotiating skills to take on the new role.

Poor taste

■ Accountants have a well-deserved reputation for abstemiousness, but lunch at their Institute's restaurant on Friday seemed to be taking things too far. My own table was the only one still occupied by 2.15pm.

There again, perhaps it is explained by the food. Arriving at 1pm, our party of three was offered a selection of just four stale rolls from a basket. The house white wine was finished, and the veal was also unavailable. It seems Pru Leith is to take charge of the kitchens from the start of February.

Were the existing staff exacting revenge on the decision-makers who had axed them, or simply acting like any good accountant and sensibly winding down their stock?

Lost thimble

■ Times are tough for the élite band of Paris fashion houses that opened the new season's haute couture collections yesterday. The couturiers are not the only ones under financial pressure. The 'Golden Thimble', the coveted prize traditionally given to the best collection of the season, will not be awarded this time. The Thimble is looking for a new backer. It, like the couturiers' customers, has run out of money.

PERSONAL VIEW

Side effects of deregulation

By Nigel Lawson

Any radical reform, even if it achieves its objectives, is likely to bring about unforeseen side effects. This has proved particularly true of financial deregulation.

Financial deregulation in no way implies the absence of financial regulation for prudential purposes. If this sounds paradoxical, it is, in fact, no more so than the well-known interdependence of freedom and the rule of law.

Financial deregulation is a somewhat imprecise term; but it is possible to identify at least 10 specific events that qualify as acts of financial deregulation *(see box)*.

From this list, two events stand out as being of particular importance.

The most important was the abolition of exchange controls. At the time a radical and controversial act, it is now the norm throughout the big industrial nations. This is partly because of a belief in freedom and deregulation and partly because the information technology revolution has made controls on capital movements difficult to police.

The consequences of this for the conduct of economic policy are considerable. First, it has transformed the foreign exchange markets.

In the past, movement of currency across the exchanges was *largely associated with* trade flows, and the external value of currencies was largely determined by the state of the balance of payments on current account.

Today the vast bulk of the flow of capital across the exchanges has nothing whatever to do with trade flows; and exchange rate movements are dominated by capital flows, often of a speculative nature, as can be seen most clearly in the gyrations of the dollar over the past 10 years. And for a time these gyrations can be self-perpetuating, with a move into a currency causing that currency to rise, and the consequent rise itself generating the expectation of a further rise and thus a further capital inflow. The resulting currency instability, unrelated to economic fundamentals, can cause considerable damage and dislocation to the world economy.

That is why leading finance ministers agreed on the Plaza (1985), and Louvre (1987) accords, to seek a system of international financial co-operation designed to introduce greater currency stability.

The other main international consequence of the freedom of capital movements is the *dethronement* of current account payments balance as a policy objective.

In a world of rigid foreign exchange controls, a current account deficit could be financed only by a country running down its foreign currency reserves, which could only continue for a short time. Today, by contrast, any country *that can maintain a reason*able degree of confidence in its currency can finance a current account deficit for many years, as the US has done by importing capital from overseas.

Looking at it from the other end of the telescope, so to speak, in a world in which capital is free to move across frontiers, it would be extraordinary if, for each country, capital outflows precisely equalled capital inflows.

There will be, for each country, either a net inflow or a net outflow of capital. And since the balance of payments overall must balance, it follows that those countries with a net inflow of capital will run a current account deficit, and those with a net outflow will run a current account surplus.

This can be seen in terms of the relationship between savings and investment. At any given period those countries whose capacity to generate savings exceeds their indigenous investment opportunities will experience a capital outflow, which will finance the current account deficits of those countries whose capacity to generate savings falls short of their indigenous investment opportunities.

But the abolition of exchange controls has not merely rewritten the rules for the conduct of economic policy. It has also rendered ineffective any form of direct national controls on credit. For in a world in which capital can flow freely, the effect of such controls would merely be to drive lending off-shore.

This other important side-effect of the abolition of exchange controls links with the second of the two main acts of financial deregulation in the UK: the collapse of the building societies' cartel.

Unlike exchange control abolition, this was not brought about by any action by the government. Although philosophically in favour of it, I always feared the short-term consequences. It happened as a result of growing competition among the bigger building societies themselves, *followed by* the invasion of the mortgage lending business by the banks.

The collapse of the building societies' cartel, under which mortgage rates were kept well below market clearing rates, and advances were rationed by a queueing system, thus occurred in a new world in which direct credit controls *were out of the question, and* the only checks on excess were the price of credit, which the government could control, and prudence, which it could not.

The consequent explosion of lending, and of spending financed by lending, both for consumption and investment, private and business, on an unprecedented and unforeseen scale is now a commonplace explanation of the switchback course the UK economy has followed in recent years.

Compared with the two main acts of deregulation I have identified, the other eight had little real impact, since the restrictions they abolished were either ineffectual (particularly, in the case of the corset, following exchange control abolition) or technical or (as in the case of Big Bang) not directly connected with the quantum of bank and building society lending at all.

In looking at this period, it is important not to be parochial. Of the seven big industrial nations that comprise the G7, three – the UK, the US and Canada – have been undergoing a recession of a remarkably similar nature. These are also the three economies that have travelled furthest along the road to financial deregulation.

There always has been an economic cycle. But with credit facilitated by financial deregulation, these three economies experienced a particularly virulent form of credit cycle. In other words, individuals and companies came to borrow excessively. And while this was bound to be a self-correcting process (which the authorities can by their monetary policy to some extent expedite), the correction inevitably involves a period of recession.

Why the degree of excess in the first place, though? One important reason is that the economic upswing had continued for so long that too many borrowers and lenders thought that it would go on forever.

Clearly, with hindsight, the *UK authorities – and I accept* my prominent part in this, although I was by no means alone – greatly underestimated the demand effect that deregulation, a supply side *reform, was to* have.

The banks, for their part, only dimly recognised the extent of their vulnerability to the credit cycle. As interest rates rose, home buyers inevitably cut back on purchases in the high street to keep up with mortgage payments.

Thus by fuelling the housing boom with easy lending, they were inadvertently undermining the quality of their lending to the smaller, more vulnerable end of the corporate sector.

What, then, are the lessons?

First, a financially deregu*lated economy, while more effi*cient and more dynamic, is less stable, by virtue of the credit cycle, which will never disappear completely. Second, recognising this, borrowers need to exercise prudent self-discipline and lenders to develop a far more sophisticated risk analysis than they have hitherto found necessary. And third, what we have gone through in this country is to a considerable extent a once-for-all occurrence: the change from a financially regulated to a financially deregulated economy. Others still have this in store.

The author was chancellor of the exchequer 1983-89. This is an edited text of a speech delivered to the Chartered Association of Certified Accountants. It appears this week in Certified Accountant, the association's journal.

Ten steps towards deregulation

- The unannounced ending, virtually as soon as the new Tory government took office in May 1979, of the restrictive guideline on building society lending.
- Abolition of exchange controls in October 1979.
- Scrapping of the so-called corset, the supplementary special deposits scheme designed to curb bank lending, in June 1980.
- Abolition of the Reserve Asset Ratio requirement, under which banks had to hold at least 12.5 per cent of their deposits in a specified range of liquid assets, in August 1981.
- Abolition of hire-purchase restrictions in July 1982.
- *The collapse of the building societies' cartel in October 1983.*
- Some aspects of the Building Societies Act 1986.
- Big Bang in October 1986.
- *Withdrawal of mortgage lending guidance in December 1986.*
- The effective abolition of the Control of Borrowing Order in March 1989.

Andrew Adonis on the LSE's plan for a new home

Enhanced prospects by the riverbank

The *London School of* Economics' bid to move to County Hall, the now-defunct Greater London Council's palatial home which faces the Houses of Parliament across the Thames, is likely to move a significant step closer to fruition today.

If, as expected, the High Court rejects an attempt by Lambeth council, the Labour-controlled planning authority, to quash a planning consent for the site granted by the government, the way will be open for Lambeth to consider the LSE's plans on their merits. And those, most observers agree, are considerable.

The LSE scheme, masterminded by its ebullient director, Mr John Ashworth, repre*sents perhaps the boldest* university venture of the last decade. If it succeeds, it will not merely double the existing capacity of the LSE: it will give The School – as its inmates *term it* – a prime *national site* from which to project itself as Europe's pre-eminent social science university.

Some fairly complex manoeuvring remains before The School can decamp from its present cramped and tatty premises in Houghton Street, off Aldwych. Since the abolition of the Inner London Education Authority, County Hall's last tenant, in 1990, the site has lain with the London Residuary Body, to dispose of to the financial benefit of the Greater London boroughs.

To maximise that benefit, the LRB continues to look favourably on another scheme which – the High Court permitting – already has planning consent. Under it, the grade II* listed Riverside Building would be converted into a hotel, residential and conference complex, with the rest of the site redeveloped for office and retail use. Problem: no developer, since a Japanese-led consortium collapsed in 1990.

Under the LSE's plans, the Riverside Building would accommodate the core of the LSE. Of the other three blocks on the site, one would house the British Library of Political and Economic Science, while the other two would be designated a "social science park". The idea is to surround The School with organisations growing and benefiting from its research activities, particularly in political, economic and social research and forecasting.

In addition to renting offices to professional firms such as stockbrokers, accountants and market researchers, Mr Ashworth speculates about prospects for consulting and spin-off companies. *He cites* existing activities like the School's Decision Analysis and Business History units. The concept has been pioneered in the purely scientific disciplines, such as Cambridge Science Park: it would be novel for the social sciences.

The LSE's planning application is to be considered by Lambeth in a month's time. If it goes through, a formal approach to the LRB will follow.

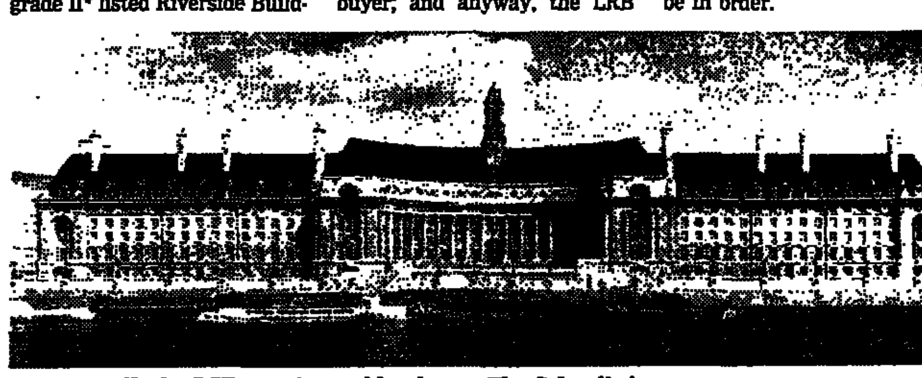
Mr Ashworth is offering well below the commercial price for *the site. For him to be able to* move at all, some government financial help will almost certainly be needed as part of a swap arrangement for Houghton Street. But for the LRB, the LSE is at least a buyer; and anyway, the LRB ceases to exist later this year, when (bizarrely) County Hall looks set to revert to Bromley council to dispose of, if unsold.

By then elections to the House across the river will have taken place. But even if Mr Neil Kinnock is the new landlord, Labour has been careful to dismiss ideas of a bloated London bureaucracy. *Ms Margaret Hodge*, Labour leader of the Association of London Authorities, talks of a new Greater London Authority with a hundred or so officials. They could be better accommodated in smaller premises, perhaps using County Hall's imposing council chamber.

"If we secure County Hall, our ability to expand and become Europe's leading social science *institution will be* immeasurably enhanced," says Mr Ashworth. "That ought to appeal to politicians, businessmen and all sections of the London community."

His plans for the LSE's future are not without their critics. Some in The School resent *the emphasis* he *places* on postgraduate studies, to which he intends the bulk of extra resources to be devoted. Furthermore, more than 40 per cent of the students, mainly at postgraduate level, already come from outside the European Community (LSE: Let's See Europe, goes the gag), and that's enough, they say.

But most at the LSE recognise that County Hall has one of the greatest opportunities in *its history. As for its prospec*tive near-neighbours, at least one – the Archbishop of Canterbury at Lambeth Palace – is full of enthusiasm. Perhaps at The School's centenary 1995 a neighbourly *Te Deum* would be in order.



County Hall: the LSE says it would enhance The School's image

LETTERS

The proper economic observation

From Mr David Morrison.

Sir, Observer ("Guru glut" January 23) has clearly developed some new skills in word manipulation. The column claimed that I remarked: "It seems like an inefficient use of time to try to assess economic pressures." He is obviously referring to what I wrote on January 16, in an article on exchange rates, which was: "It seems like an *inefficient use of* time to try to assess economic pressures on the ERM since even if they were analysed correctly there would be no reason to expect the appropriate movement in a currency's price."

The latter and correct quote is a proper economic observation that *if you have a fixed or* semi-fixed exchange rate regime in place then underlying economic pressures will not be reflected fully in movements in the regime's exchange rates. They may be reflected in the price of bonds and equities or in the performance of the real economy (and time should be spent analysing those variables); but the exchange rate cannot move freely if it is not free to move. Observer's incomplete and, consequently, inaccurate use of my quote is asinine.

David Morrison,
chief international economist,
Goldman Sachs International,
Peterborough Court,
133 Fleet Street,
London EC4A 2BB

British red tape a barrier to trade with Poland

From Mr Andrew Michell.

Sir, Your leader, "The way ahead for Poland" (January 21), draws attention to the remarkably quick privatisation of its retail, wholesale and service sectors. The difference from even one year ago is dramatic and you rightly pinpoint the Polish entrepreneurial spirit in achieving this.

What is perhaps less under*stood in the west* is that this transformation has been achieved following the dismantling of Polish import controls and the lifting of visa restrictions on Polish businessmen in most EC countries.

The effect is visible at Frankfurt airport where one now constantly hears the Polish language spoken; snippets of conversations about commodity prices, discounts, transport costs – all the tiny details which are the oil of a modern retail system. It is also visible on the motorways of western Europe, where Polish registered trucks move the goods which ultimately appear on the shelves in Polish shops.

Now, the same entrepreneurial spirit which has transformed the retail sector *is* begining to have an effect on manufacturing. By-passing the moribund state industries, individuals and groups are setting up factories to produce industrial and consumer goods which a modern society needs. Everything from satellite TV dishes to electric power cables, plastic bottles and petrol *pumps. To do this, they need* modern production equipment.

Where do these entrepreneurs buy their equipment? Naturally, they buy from suppliers to whom access is easiest. A Polish businessman intent on establishing a plant for making plastic bottles for soft drinks, gets into his car and drives, without hindrance, to German, Italian and French potential suppliers.

To go to Britain, though, he still needs a visa. And to get this, he must firstly obtain a written invitation from a British company, then he must submit an application at the British consulate in Warsaw, then he has to queue for hours to suffer a personal interview and finally weeks, or months later (or sometimes never) *he* gets a visa. Why should he bother himself with the trouble and humiliation? Britain is further away and there are *few* products which Britain makes which cannot be bought closer.

Poland is a country of 40m people ranking in size as one of Europe's largest economies. It has a well-educated industria*lised population*, it is investment starved and it has an entrepreneurial business class which is buying now! Mostly they are not buying in Britain.

Andrew Michell,
chairman,
Michell Instruments,
Unit 9, Nuffield Close,
Cambridge CB4 1SS

Wasting time on languages

From Mr Alan Tomlinson.

Sir, It is hard not to share Mr Calvert's surprise at the *lack of interest displayed* by UK companies in employing UK nationals with a good command of the Japanese language ("Does UK Industry speak the right language?" January 15).

No doubt he has taken at face value the repeated exhortations from the leaders of British industry to master the languages of our chief trading competitors. As usual, however, actions speak louder than words, as is illustrated by a glance at the DTI's own publication, Opportunity Japan: British Company Success Stories in Japan. From Sir Paul Girolami of Glaxo we learn that "...Glaxo management and employees in Japan are all Japanese..." while Richard Giordano of BOC inspires all *budding linguists with* the observation that "...you must have people on the ground in Japan who speak the language. You can do it with westerners but it is better to do it with Japanese...".

The message from British industry is loud and clear Mr Calvert – give up, you're wasting your time.

Alan Tomlinson
10 Peterborough Avenue,
Granham,
Upminster, Essex RM14 3LL

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

All not lost in family planning

From Dr Malcolm Potts.

Sir, How difficult it is to deal sensibly with family planning. The FT survey on Egypt (January 21) has a story headlined "Lost: 20m condoms"; but it fails to mention the progress made in family planning.

Few things are more important for the future of Egypt than slowing the growth of human numbers; there are 1m more births than deaths every nine months and the population is likely to double by the year 2020. Fortunately, Egyptians want smaller families. Fertility is declining and a recent survey found about half *of all* couples are now using modern contraceptives. This is the result of a successful partnership between the government of Egypt, non-governmental bodies, the private sector and international donors.

Indeed, the demand for contraception in the developing world is so strong that the lost condoms given such prominence in the FT may have been *illicitly* sold to neighbouring countries. This is embarrassing for the monitors of US Agency for International Development, but the contraceptives almost certainly continued to save lives and plan families; it is neither statistically plausible nor culturally likely that every other Egyptian is playing with an odd-shaped, lubricated balloon.

Malcolm Potts,
Family Health International,
Cairo, Egypt

Part time solution for women

From Ms Mary Clarkson.

Sir, I fear Valerie Amos (Letters, January 21) has too negative a view of part-time employment in the UK. While child care undoubtedly is a crucial factor influencing the decision of women to resume work part-time, there is evidence that demand for part-time work exceeds supply. Even with good child care facilities, many women find it difficult to combine work demands with family commitments. Part-time work offers a solution to this dilemma.

Both the IRS report, Recruiting and Retaining Women, and Susan McRae's study for the Policy Studies Institute, Maternity Rights in Britain, point to a demand by working mothers for more flexible working arrangements, particularly part-time and job-share opportunities. Some large retail companies are now offering part-time work at managerial level to meet the demand of their female employees returning to work after maternity leave.

To imply that part-time is invariably low-paid and an alternative to a career will do nothing to increase part-time opportunities for those women, particularly in managerial and professional jobs, for whom it offers the only means of continuing their careers.

Mary Clarkson,
employment research executive,
Institute of Directors,
116 Pall Mall, London SW1

FINANCIAL TIMES
Monday January 27 1992

British government to allow more international network competition

UK to grant new telecoms licence

By Hugo Dixon in London

THE UK government is close to licensing a new type of international telecommunications operator which it hopes will undercut prices being charged on international calls by BT, previously British Telecom, and Mercury Communications.

The new operator would be able to lease cable and satellite capacity from BT and Mercury and resell it to customers.

Ministers are unlikely to allow new operators to build and own their own international networks. Sprint, the US telecommunications group, applied for such a licence earlier this month.

The moves follow last year's telecommunications white paper which opened the door to domestic network competition but was vague on international communications, where BT and Mercury earn their highest rates of profitability.

The paper said that resale would be allowed on international routes where the country at the other end had an equivalently open telecommunications market. No country has yet been considered to be sufficiently liberal.

The Department of Trade and Industry now believes that several countries - including the US, Japan, Canada, Australia, Sweden and New Zealand - are likely to pass this test.

Mr John Redwood, the telecommunications minister, has held meetings with US authorities to try to open up the market. A statement from the US Federal Communications Commission last month supporting further liberalisation of the US market is viewed as important by the UK but full clarification is being looked for before resale to the US goes ahead.

The government would like to licence new international network competitors because it believes this is the part of the market where prices are most out of line with costs. Observers argue that, although resale will exert some downward pressure on prices, the full benefits will only come from network competition.

But the government is concerned that a unilateral opening of the UK market could put British companies at a disadvantage unless foreign markets were also opened up. It also fears that foreign telephone companies could abuse their market power in overseas markets to distort competition in the UK, if they were granted international licences.

Ministers would have had to address similar concerns if American Telephone and Telegraphs, the largest US telecommunications operator, were to take a stake in Mercury Communications. Negotiations about such a link-up have broken off but may be revived after the election.

The government would consider using its "golden" share in Cable and Wireless, Mercury's parent, to ensure that any tie-up did not lead to a distortion of the market.

BT revives talks, Page 6

EC customs brokers in protest over jobs threat

By Andrew Hill in Brussels

THE MOVEMENT of freight across European borders could be seriously disrupted today when customs brokers in all but three EC countries plan to take industrial action.

The brokers – private enterprises which prepare documentation and smooth the way through cross-border tax and customs formalities – are worried about inevitable job losses when internal EC barriers to free trade come down in 1993.

During the one-day go-slow, customs and value added tax paperwork at many borders will not be completed by the brokers.

"It's not a strike," said Mr Jean-Marie Parasie, director of Clecat, the brokers' Brussels-based trade association. "In most countries, offices will be open, agents will be there but there will be no customs clearance."

When the EC's physical frontier controls are swept away at the end of this year, between 50m and 60m documents – the annual detritus of intra-Community trade – should go too.

Customs brokers employ the 85,000 people who fill out most of those forms, and they are afraid that after New Year's Eve, 1992, they will be redundant.

The brokers hope to persuade national governments and the European Commission to come up with an economic support plan for the sector, which includes small family-run companies and subsidiaries of international trading groups. Only UK, Danish and Irish brokers are resisting the go-slow call.

Mr Georges Boulanger, managing director of one of Belgium's largest customs brokers, said the cost of laying off his 175 broking staff would be prohibitive.

Brussels has already commissioned a study of the business, but says the real responsibility lies with national governments.

The Commission may try to retarget existing EC regional development funds, but seems unlikely to form a new fund for the retraining or relocation of customs brokers.

In any case, such opportunities will be limited. Some brokers will still be needed at ports and airports, but others will have to seek work in the freight warehousing business or as fiscal agents, advising individual companies on the new transitional VAT system.

But Clecat does have something to look forward to in the single market programme. It also looks after the interests of the EC's freight forwarders, for whom 1993 represents boom, rather than bust.

German steel workers at the Thyssen plant in Duisburg cast their votes yesterday in a nationwide stike ballot. With unrest among other unions, the country faces its most troubled industrial relations period in years. Report, Page 3

Israel says deal close over US aid

By Hugh Carnegy in Jerusalem

SENIOR Israeli ministers yesterday predicted that the country would reach agreement with Washington on securing $10bn in loan guarantees to aid Jewish immigration from the former Soviet Union – without surrendering its commitment to build settlements in occupied territories.

In spite of a signal from the Bush administration on Friday that it would link the two issues, Mr Yitzhak Shamir, the prime minister, said Israel was "not speaking about any freeze of settlements. Please forget about it". One of his ministers claimed that US terms for the guarantees would allow "massive" settlement building over the next three years.

This assessment may yet be deflated by Washington. Mr James Baker, the US secretary of state, made clear in talks on Friday with Mr Zalman Shoval, Israel's ambassador, that their meeting was the first of what could be lengthy negotiations on the terms of the guarantees.

However, the highly sensitive issue could affect the multilateral phase of the Middle East peace negotiations due to open in Moscow tomorrow, given the deep Arab hostility to Israel's settlement policy.

Syria and Lebanon have refused to attend, citing Israel's refusal to make any concession on occupied Arab territories in three rounds of bilateral talks held so far.

An official from the Palestine Liberation Organisation, which bitterly opposes the loan guarantees to Israel without a strict settlement freeze, said the Palestinians would not take partin the Moscow talks unless the composition of their delegation was broadened.

Mr Baker indicated to Mr Shoval that the loan guarantees would depend on curbing new settlement construction, which the US regards as an obstacle to peace. But the Israeli government interpreted this as falling well short of a demand for a total settlement freeze.

"The United States has reaffirmed its readiness to assist us in the unprecedented task of absorbing the large immigration from the Soviet Union and other countries," said Mr Shamir. "The United States understands that for us the building and development of all parts of Eretz Israel (including the West Bank and Gaza) is a matter of principle. We will now engage in a common effort to find a formula that will not contradict US policy or this principle of ours."

Top ministers, including Mr David Levy, the foreign minister, and Mr Dan Meridor, justice minister, said they expected an acceptable compromise. Mr Ehud Omert, the health minister and a close associate of Mr Shamir, declared that Mr Baker had signalled that Israel could proceed with the many new houses under way or budgeted, which would provide for a 50 per cent increase in the settler population of 100,000.

With an election looming, Mr Shamir's Likud party wants to show the public it can deliver its promises of US economic aid and a continued commitment to settling and ruling the West Bank and Gaza.

Labour seeks UK voting reform debate

By Philip Stephens, Political Editor, in London

AN ELECTION manifesto commitment by the opposition Labour party to include the voting system for the UK House of Commons in a post-election national debate on electoral reform was foreshadowed yesterday as the party's leadership prepared to endorse proportional voting for a Scottish Assembly.

The further shift towards changes in the voting system came as Labour responded to the third consecutive opinion poll showing a slight Conservative lead with a new campaign to counter attacks on its tax and spending policies.

For the Conservatives, Mr Chris Patten, the party chairman, continued to harry the opposition over the details of its pledges, claiming renewed Labour muddle over the cost of its immediate commitments. He seized on apparently contradictory comments by members of the shadow cabinet on the strength of the party's pledge to a £1bn ($550m) economic recovery programme.

Mr Jack Cunningham, Labour's campaign manager and a personal enthusiast for replacing the "first-past-the-post" method of electing MPs, suggested wider debate after the election should involve a constitutional convention or a special all-party conference. Senior party officials acknowledged pressure on Mr Neil Kinnock to demonstrate in the manifesto that Labour is ready to consider seriously the option of radical changes to the electoral system.

In an interview last week with the FT, Mr Kinnock said the constitutional debate his party had embarked upon was "a process that will continue into government."

Despite the strong opposition of some senior members a majority in the shadow cabinet acknowledges the growing momentum behind a broad manifesto pledge to consider seriously reform. That momentum will be strengthened when the party's National Executive Committee is expected to broadly endorse on Wednesday a report from the committee headed by Professor Raymond Plant of Southampton University which will recommend that the Scottish Assembly proposed by Labour be elected by the Additional Member voting system.

That is the hybrid used in Germany to combine single-member constituencies and regional lists.

EC grants to coalfields, Page 6
Tony Blair profile, Back page

Yeltsin seeks immediate aid pledge from G7

Continued from Page 1

in Russia. The chancellor warned that the industrialised countries were likely to have to set up a fund or do something very similar in the longer term.

The G7 did call for Russia and other former Soviet republics to become members of the International Monetary Fund by the end of April, a move that would give them access to IMF support programmes.

It "requested the IMF to act expeditiously to finalise by the spring meetings" of the Fund at the end of April "the arrangements needed to complete membership proceedings" of those former Soviet republics that have applied to join. They are Russia, the three Baltic states, Ukraine, Kazakhstan, Armenia and Azerbaijan.

The assistance Mr Yeltsin is seeking will be requested to be committed before Russia is admitted to full membership of the IMF. Russian officials said at the weekend that this timescale was too slow. They would need funds assembled and available by March at the latest, rather than from May.

A letter of intent to join the IMF is now being thrashed out between the Russian government and the IMF, and is expected to be completed over the next four weeks, to go to the IMF board by March.

Officials from the IMF and the G7 are concerned that the Russian government has not gained adequate control over the central bank, which has been issuing credits and currency freely, and that the fiscal system remains inadequate.

The ministers came closer to agreement on the size of quota or membership subscription for the former Soviet republics.

According Mr Don Mazankowski, the Canadian finance minister, the quota size could be "anywhere from 3.5 per cent to 4.5 per cent" of the Fund's total quotas. This would give the republics access to around $12bn from the IMF to support approved economic reforms.

It is thought in Moscow that Russia could count on immediate assistance of little more than $3bn – a sum far below what ministers there believe is needed for stabilisation.

The US is strongly opposed to a rouble support fund at present. A US Treasury official said to set up such a fund prematurely would be to create a conduit for capital flight because of insufficient confidence in the rouble.

Mr Lamont admitted that much needed to be done in Russia but he said the G7 should take into account the courage of Mr Yeltsin's reforms in considering the stabilisation fund issue.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	F	15	59
Algiers	C	12	54
Amsterdam	S	7	45
Athens	C	8	46
Bahrain	S	14	57
Bangkok	F	33	91
Barcelona	S	13	56
Beirut	F	9	48
Belfast	Fg	0	32
Belgrade	C	-2	28
Berlin	Fg	-1	30
Biarritz	C	7	45
Bombay	S	32	90
Bordeaux	F	9	48
Boulogne	C	7	45
Brussels	F	5	41
Budapest	Fg	-5	23
Buenos Aires	R	29	84
Cairo	F	16	61
Cape Town		-	-
Caracas	F	27	81
Casablanca	S	14	57
Chicago	S	-11	12
Cologne	Fg	-1	30
Copenhagen	C	3	37
Corfu	S	13	55
Dallas	F	9	48
Dublin	S	7	45
Dubrovnik		-	-
Edinburgh	S	3	37
Faro	S	17	63
Florence	S	15	59
Frankfurt	Sn	-2	28
Geneva	S	3	37
Gibraltar	S	16	61
Glasgow	S	0	32
Helsinki	S	2	36
Hong Kong	S	19	66
Innsbruck	F	-3	27
Inverness	S	3	37
Islamabad	R	13	55
Istanbul	F	5	41
Jakarta		-	-
Jersey	F	7	45
Johannesburg		-	-
Lima	F	28	82
Lisbon	S	11	52
London	F	5	41
Los Angeles	C	12	54
Luxembourg	C	1	34
Madeira	F	17	63
Madrid	S	11	52
Majorca	S	14	57
Malaga	S	17	63
Malta	F	13	55
Manchester	S	3	37
Manila	C	31	88
Melbourne	C	19	66
Mexico City		-	-
Miami	S	14	57
Milan	S	7	45
Montreal	Sn	-18	0
Moscow	S	-5	23
Munich	C	-4	25
Nairobi	C	19	66
Naples	F	15	59
Nassau	C	23	73
New Delhi	S	24	75
New York	F	-5	23
Nice	S	15	59
Nicosia	S	12	54
Oporto	S	12	54
Oslo	C	-2	28
Paris	C	5	41
Peking	S	10	50
Prague	S	0	32
Reykjavik	Dr	7	45
Rhodes	S	14	57
Rio de Janeiro	F	35	95
Rome	S	13	55
Salzburg	C	-3	27
San Francisco	F	8	46
Seoul	S	5	41
Singapore	F	29	84
Stockholm	S	2	36
Strasbourg	C	-3	27
Sydney	S	23	73
Taipei	C	20	68
Tangier	S	17	63
Tel Aviv	S	14	57
Tenerife	F	18	64
Tokyo	F	11	52
Toronto	S	-12	10
Tunis	F	10	50
Valencia	S	15	59
Venice	S	10	50
Vienna	C	-1	30
Warsaw	S	-1	30
Washington	C	-2	28
Zurich	C	-4	25

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

What it takes to be chancellor

By Anthony Harris

Mr Norman Lamont made a nice try in his plea for a rouble stabilisation fund in New York; but not nice enough. He showed a sense of strategic purpose, which is one requirement for a chancellor, and his proposal was in line with current specialist thinking, which is another. But he did not get his way, which shows lack of clout; and he allowed himself to be seen to fail, which suggests a lack of political cunning. In short, rather much as expected.

The list of required qualities was supplied by a retired Treasury official, and would be echoed, in my experience, by almost any senior civil servant; but the order of importance would differ from one department to another. In a major spending department, clout is probably the key quality, as I discovered when a gaggle of veterans at the Reform Club rather surprisingly agreed that the best minister in their long experience was Lord Duncan-Sandys.

This would not have been a press lobby nomination; Sandys was awkward and obtuse under questioning. Yes; but the department could supply the ideas and the answers to questions. What mattered was the result. "Frankly, my dear boy, once he had an idea in his head, he went into Cabinet like a programmed tank. He could bore them into submission."

Chancellors, it seems from my friends at the Reform, are different. A good relationship with the prime minister will substitute for clout – at home, if not at G7 meetings – but not for a sense of strategy. In this most exposed of jobs the pressures – from the whips, the markets, the Bank of England, the polls and in Cabinet are such that nothing can substitute for a clear aim and a pretty quick intelligence. But political guile and good powers of public persuasion are also needed when the going is difficult, and may even affect economic performance on their own, by way of confidence.

These conversations at the Reform – with former civil servants, City men and economists, who had only long experience in common – arose from a suggestion that Mr Lamont has had an unfairly bad press. He inherited an economic mess which nobody could sort out quickly, his one Budget showed real ingenuity, and his over-optimistic forecasts were made on what he thought was the best advice.

Well, yes; but most chancellors suffer bad luck, and it's a matter of how you handle it.

Mr Lamont got good marks – in the City as well as among ex-insiders – for many of the things he actually did, especially for his handling of interest rates; but his public relations have been damaging. "Doesn't know when to keep his mouth shut" growled a gilts man. That is a serious handicap, but need not mean that he is a bad chancellor. Mr Lamont would have to do something much more drastic than pass on bad forecasts or get flustered on television to join the ultimate roll of dishonour which emerged. Mr Anthony (now Lord) Barber

Mr Lamont got good marks for many of the things he actually did, especially for his handling of interest rates; but his public relations have been damaging

was the clear majority choice as worst chancellor in anyone's memory; a regretful judgment, since everybody liked him a great deal, but seemingly inevitable on results.

It is not clear, though, how far Barber's disastrous policies were his own. The then prime minister, Mr Edward Heath, leaned heavily on the advice of Sir William Armstrong, who had moved from head of the Treasury to be head of the Civil Service, and is blamed by many for most of what went wrong. Mr Nigel Lawson got one firm nomination as worst, for failing to learn from the Barber experience.

Other contenders were Mr Reginald Maudling, for actually believing in the dash-for-growth theory; Mr R. A. Butler, for cutting taxes in 1955 for electoral purposes, and raising them shortly afterwards (possibly a nasty precedent for Mr Lamont). There was also one for Mr Peter Thorneycroft, for resigning in principle when the Cabinet insisted on breaching his borrowing limit – "it looked noble, but in practical terms it was fatuous" – and one, from a former Conservative policy adviser, for Mr John Major, for joining the EMS at the wrong rate.

It is interesting, surely, that all the contenders for the bottom place were Conservatives, since none of my witnesses were Labour supporters; the Conservative reputation for sound management clearly does not extend to the more august levels of the retired and near-retired. It is also striking that the clear winner, with no dissent, was Mr Roy Jenkins (now Lord J of Hillhead), though Sir Geoffrey Howe also got some honourable mentions.

The central Jenkins strategy was to fight excessive wage rises with tax increases, which was not popular and would not have been sustainable in the long run; so his win is an odd verdict by objective standards. It looks a tribute to his elder statesman manner, which certainly inspired confidence; or perhaps it is a vote of thanks from Conservative supporters for an unexpected victory in 1970, or evidence that the City and the Civil Service really do have the hair shirt tendencies of which they are widely suspected.

Of course, steering the economy is not the whole of a chancellor's job. He also has to get the wrinkles out of the tax system, and get value for money for taxpayers – indeed, according to quite recent orthodoxy, that is the whole of his job. Several of the chancellors who got high marks for this essentially accountant's role – Selwyn Lloyd, for example, and Anthony Barber – got very poor ratings overall. One analyst simply concluded that good mechanics make bad drivers. Another possible conclusion is that the job is too big for one man, as Harold Wilson supposed.

Meanwhile, the unhappy Mr Lamont is stuck with the whole of it. Industrialists appear to be getting gloomier, and analysts certainly are: Mr Bill Martin of Philips and Drew is now projecting no recovery at all this year. But stock market prices continue to suggest that the economy may yet live up to Mr Lamont's expectations, though not necessarily in time.

The chancellor, now in what could be a fortunate period of pre-Budget purdah, can only read the few suggestive items of good news and hope that the market isn't just up to its contrarian tricks again.

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INSIDE

Grattan struggles in face of recession

Otto Versand, the German mail order group which last spring bought the Grattan mail order business from Next for £165m ($298m) is struggling to make the acquisition work in the face of the recession. Mail order industry sources suggest the Bradford-based company has been losing agents and market share and is heading for a loss of more than £30m in the current financial year. **Page 14**

US oil groups fall sharply

Mobil

The recession's impact on oil companies was reflected in the fourth-quarter results of Exxon, Mobil and Chevron, which all reported sharply lower earnings for the period. *Last year's very strong oil prices following* Iraq's invasion of Kuwait made earnings comparisons particularly difficult for the three months. **Page 17**

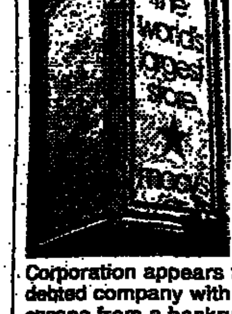
Toyota buys French stake

Toyota, the leading Japanese car maker, is planning to acquire a minority stake of around 35 per cent in Toyota France, its privately-owned French vehicle importer/distributor. **Page 17**

Housebuilder cuts debt

Crest Nicholson, the troubled UK housebuilding and commercial property development group has made further progress in reducing its gearing by the sale of two commercial properties for £3.8m ($6.87m). **Page 14**

Macy's seeks protection



R.H. Macy, the New York-based department store chain (left), is widely expected to file for Chapter 11 bankruptcy protection against its creditors over the next few days, possibly as early as this morning. The collapse on Friday night of a last-minute bail-out by Mr Laurence Tisch and his Loews Corporation appears to leave the heavily-indebted company with virtually no way of escape from a bankruptcy filing. **Page 15**

HK paperless trading move

HONG KONG has taken a further step towards paperless share trading with the government's decision to bring forward legislation to enable the creation of a central stock clearing system. **Page 17**

Market Statistics

Companies in this issue

Robert Taylor reports on Volvo's planned merger with Procordia

The triumph of hope over experience

For a man whose past merger record is distinctly patchy, Mr Pehr Gyllenhammar was remarkably ebullient on Saturday as he outlined his latest alliance.

Unveiling a proposed SKr38.7bn ($6.74bn) merger of the Volvo vehicle group he chairs with Procordia, the Swedish food and pharmaceuticals company, Mr Gyllenhammar stressed the European dimension.

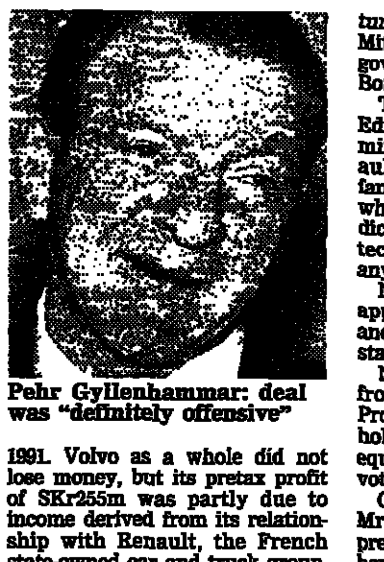
The deal was "definitely offensive", he said, giving the merged company "great possibilities for growth by giving us a presence in many important markets".

From Mr Gyllenhammar's point of view, the proposed reverse takeover would have several advantages:

● It would create a large and aggressive conglomerate to meet the challenge of post-1992 Europe. By creating a company too big to be easily swallowed, it would protect an important part of Swedish industry from potential foreign predators now that restrictions on foreign ownership of Swedish companies have been lifted. The government is likely to remove a further barrier against takeovers – the distinction between voting and non-voting shares – next year. If "we had not acted ourselves," said Mr Gyllenhammar, "Procordia could have become a victim of the market".

● It would fulfil a well-established ambition to own Procordia – in 1989 he tried to buy this state-owned holding company, but Volvo had to settle for a minority stake.

● And it would give him, as chairman of the merged company, an exhilarating alternative to the grinding task of rescuing Volvo's car business, which lost SKr1.5bn in the third quarter of 1991. Volvo as a whole did not lose money, but its pretax profit of SKr255m was partly due to income derived from its relationship with Renault, the French state-owned car and truck group.



Pehr Gyllenhammar: deal was "definitely offensive"

That relationship is just one of the complexities with which Mr Gyllenhammar will have to deal. Others include the lack of enthusiasm of the Swedish government, and the view of some of Mr Gyllenhammar's Swedish critics that his time would be better spent on Volvo's SKr5bn cost-cutting programme.

The relationship with Renault, forged only two years ago, was seen at the time as the key to the group's future. The two companies, linked by cross-shareholdings, are hard at work on a joint component planning and development plan for light trucks and engines to last over the next 10 to 12 years.

Despite this nuts-and-bolts progress, there have already been worries in France about the future of the relationship. These centre round Volvo's joint venture agreement last autumn with Mitsubishi Motors and the Dutch government for carmaking at the Born plant in Holland.

The known doubts of Mrs Edith Cresson, the French prime minister, about the Volvo-Renault alliance are likely to be fanned by the Procordia merger, which will probably be seen as dictated more by the need to protect Swedish industry than by any European grand design.

None the less, Renault has approved the intended merger, and the ensuing halving of its stake in Volvo to 4.2 per cent.

No such approval has yet come from the Swedish government, Procordia's second-largest shareholder with 34.2 per cent of its equity and 42.7 per cent of its voting rights.

Only minutes after the end of Mr Gyllenhammar's Saturday press conference, Mr Per Westerberg, Sweden's Industry Minister, held one of his own in which he displayed no enthusiasm for the deal.

Ministers are furious at what they see as the Volvo chairman's pre-emptive and high-handed action.

At first sight this might seem surprising: the new conservative government has already promised to sell off its stake in Procordia as part of its privatisation programme. Mr Gyllenhammar's plan might therefore seem something ministers would favour.

However, the government argues that Volvo has broken the agreement it signed when it acquired its minority stake, which says that changes in the company's share capital require "unity between the two parties".

The government is concerned about the terms of the deal. Its recently appointed privatisation commission – chaired by the veteran industrialist Mr Curt Nicolin who used to sit on Volvo's board – disliked the initial terms as too generous to Volvo shareholders.

	The new Volvo after Procordia deal	Volvo	Procordia
Assets	SKr130bn	SKr107bn	SKr34bn
Sales	SKr115.7bn	SKr76.3bn	SKr39.4bn
Shareholders equity	SKr43bn	SKr35bn	SKr18bn
Profit after financial items	SKr4.0bn	SKr1.1bn	SKr4.1bn
Employees	105,000	63,000	42,000

Income statements end September 1991

Source: Volvo/Procordia

The "industrial synergy effects" of the deal "were not convincing", it said, with clear "disadvantages" for Procordia. The terms have since been revised, but the commission seems unlikely to be satisfied.

The proposal also flies in the face of the government's privatisation strategy, which aims to create as wide a share ownership as possible in the former state-dominated companies.

In fact, Volvo's chairman sees no good reason why the government should not agree to join in the proposed deal and sell off its stake in Procordia at the same time. He does not want the Swedish state to maintain its current holdings. Under the proposed deal its equity stake would fall to 25.6 per cent but it would hold an estimated 44.1 per cent of the voting shares.

Procordia is certainly a prize worth fighting for. Since its creation in 1990 – with interests ranging from health care products and food processing to tobacco, hotels, alcohol and restaurants – the group has undergone a successful restructuring, doubled its earnings in two years, and started acquiring food and drugs companies elsewhere in Europe. *In its last interim results* it enjoyed a 23 per cent rise in profits to SKr3.08bn.

There has always been more than a touch of the gambler about some of Mr Gyllenhammar's past business adventures.

He recently confessed that his wife thinks he is naive and makes thousands of mistakes. "Naive perhaps", he added, "but definitely impulsive".

It may have been that characteristic which led him into two past unsuccessful merger attempts. One of these, abandoned just in time, was with the antibiotics and animal health company Fermenta, run – until he succumbed to scandal – by Mr Refaat el Sayed in 1986. The other, no less unhappy, was the merger in 1980 with Beijerinvest, the investment and oil trading conglomerate. This fell apart within two years, but Volvo suffered losses from its oil activities for most of the 1980s until selling them off.

There are still difficult negotiations ahead before the new Volvo can take the place on the European stage which Mr Gyllenhammar envisages for it. He has confronted the Swedish establishment before, however; it will not be surprising if he has his way in the end.

US savings and loan rescue to cost $1.2bn

By Alan Friedman in New York

THE US government has taken control of Crossland Savings, a small New York savings and loan crippled by property loan losses, in a $1.2bn rescue that is the largest US bank bail-out since regulators spent $2.5bn to take over the Bank of New England (BNE) a year ago.

Unlike BNE, however, which was sold within months of its seizure, the Federal Deposit Insurance Corporation (FDIC) said it plans to maintain control of Crossland for as long as two years before seeking to sell the bank.

While the FDIC did not portray the Crossland move as a change of policy, the rescue is more reminiscent of the government's investment in the Chicago-based Continental Illinois Bank than of last year's BNE seizure.

The decision is understood to reflect the personal judgment of Mr William Taylor, chairman of the FDIC.

Mr Taylor, who rejected rescue bids for Crossland by Chase Manhattan and Republic National Bank, claimed the cost of the government owning Crossland would be less than its immediate transfer to another bank.

Chase and Republic were not willing to acquire Crossland with its portfolio of bad debts. Some $1.6bn of Crossland's $8.7bn of assets are classified as non-performing.

Around $800m of the $1.2bn government money is being used to cover loan losses, with the remaining $400m injected as Crossland's new capital.

Although Mr Taylor has argued that the FDIC's ultimate cost will be less than $1bn, some bankers believe the FDIC has seriously underestimated the size of Crossland's bad debts.

Mr Taylor said that if the bank had been sold rather than placed under government ownership there would have been a total of $2.5bn of loans that the FDIC would have had to accept.

The FDIC moved swiftly to install its own top manager at the bank.

Mr Maurice Reissman, Crossland's chairman, resigned immediately after the takeover as the FDIC named Mr Richard Kraemer, a veteran of New York savings banks with a reputation for restructuring commercial property portfolios.

Crossland has 44 branches in the New York area plus another 32 branches in Florida, five in New Jersey and one in Utah.

Securities regulators close to capital rules

By Richard Waters in London

BANKING and securities regulators meet in Switzerland this week to agree the first international capital adequacy rules for the securities business.

Protracted discussions over the past three years have brought regulators close to an agreement designed to protect financial markets from the collapse of securities companies. However, investment banks in London continue to warn that the rules could undermine the City's competitive position.

The framework is due to be agreed at a meeting in Geneva on Wednesday between representatives of the International Organisation of Securities Commissions (Iosco) and the Bank for International Settlements, which act as the international co-ordinating bodies for securities and bank regulators. It will apply both to banks and non-bank securities companies.

The difference in nature between the risks in the banking and securities businesses has led to disagreements between the two groups over the best approach to the problem. They are now close to agreement in principle.

The most important, to be agreed this week, are:

● How much capital should securities businesses have to back their exposures to financial markets? Regulators are close to agreeing an 8 per cent capital requirement for the net exposure of a securities company (that is, after taking account of offsetting positions and other "hedges"). In addition, securities firms will have to have capital equal to either 2 or 4 per cent of their gross positions. The exact ratio is expected to be agreed this week.

● How much subordinated debt should companies be able to count as capital for regulatory purposes? Such debt is generally cheaper than equity capital. Securities firms in London are allowed a ratio of subordinated debt to equity of 4:1. Regulators this week are expected to agree an international standard of 2:1 or 2.5:1 – though some banking regulators are pressing for 1:1.

● In addition, there remain differences of opinion over what constitutes effective "hedging" and whether companies should have an additional "cushion" of capital over and above other requirements to provide an extra safeguard.

If a tough stance is taken on these issues, London securities firms stand to suffer more than those elsewhere. Other centres claim London's current capital rules allow firms in the City an unfair advantage and expose the London markets to greater risk. However, London regulators have always argued that their system is more sophisticated than those elsewhere and allows capital to be used more efficiently while providing adequate protection.

If agreement is reached in Geneva this week, the need to refine the rule and allow a lengthy transition period means that they are unlikely to come into force for several years. They are likely to be preceded by a parallel set of rules for the European Community being developed in Brussels.

Blunt message with a challenge for government

Economics Notebook

By Bernard Simon in Toronto

The message was blunt: "The money has stopped coming in, but the spending demands and the habits of the 1980s are still with us."

With those words, taken from a briefing booklet, the Canadian province of Ontario last week acknowledged that it has joined the growing list of North American regional and municipal governments which are having trouble making ends meet.

Like New York, California and Massachusetts, Canada's richest province finds itself squeezed between ever-growing demands for public services and the strictures imposed by stagnant revenues, a tax-weary citizenry and spiralling debt-service charges.

But Ontario's predicament is different – and in some ways even more intractable – than that of the US states.

Canadian provinces have wider areas of jurisdiction, which include schools, universities, hospitals and social welfare.

Finding ways to cut government spending presents special challenges. Ontario's 9.7m residents have come to expect a level of public amenities matched in few other parts of the world.

In Toronto, for instance, every bus-stop has its own telephone number whose computerised message tells a caller in how many minutes the next bus will arrive.

The province plans to spend C$385m (US$331.80m) in the coming year on a pioneering "pay equity" scheme to ensure that women get the same pay as men for work of equal value. Crime and homelessness vie for politicians' attention with garbage recycling and greater access to public buildings for the disabled.

Welfare payments are unusually generous. The recipients include thousands of refugees whom Canada has welcomed in recent years from countries as diverse as Somalia, El Salvador and Vietnam.

On the revenue side, Ontario is suffering its first decline in tax and other receipts since 1945.

As Canada's wealthiest province, it has been called on to make *the biggest sacrifice* towards helping the federal government rein in its own deficit.

Ottawa's contribution to Ontario's health-care and higher education spending has shrivelled from 52 per cent in 1980 to 31 per cent this year.

But the province is, for the time being, no longer the locomotive of national economic growth that it was during the 1980s.

It is paying a heavy price for its dependence on the depressed automotive, *steel*, construction and forestry industries.

In an effort to create work for rising numbers of unemployed, spending on infrastructure projects jumped 22 per cent this year.

Unionised civil servants, a bedrock of the new government's support, were given a pay *increase well above inflation*.

Outlays on low-income housing, pay equity and legal aid all ballooned as the NDP sought to please its social-activist supporters. About the only thing that went down was the province's credit rating.

The new government crossed *fingers that an improving economy* would start bringing down the deficit in 1992-93. But

Output shrank by 2.4 per cent last year, the worst performance among Canada's 10 provinces.

The real rub to the budget squeeze is that the government now facing fiscal restraint was elected 18 months ago promising just the opposite.

In its first budget in April 1991, the New Democratic Party (NDP), the most left-wing of Canada's main political groups, proposed trebling the deficit from C$3bn in the year to March 1991 to C$9.7bn in the current fiscal year.

"We had a choice to make this year – *to* fight the deficit or to fight the recession," the provincial treasurer Mr Floyd Laughren said last April with a bow towards Maynard Keynes. "We are proud to be fighting the recession."

the protracted recession has shrunk tax revenues and pushed up welfare payments. The 1992-93 shortfall, estimated last year at C$8.9bn, is now projected to soar to C$14.3bn. Some analysts suspect even that figure is an under-estimate.

Under pressure from foreign lenders and an already-jittery business community, the government has begun reassessing the priorities which earlier earned it the nickname of the People's Republic of Ontario.

To the consternation of many of its supporters, it has already scrapped plans for a public-sector car insurance scheme and an environmental "bill of rights". Last week, it decided that transfers to schools, hospitals and municipalities will rise by only 1 per cent in the year ahead.

Cutbacks in the vaunted array of public services have begun. The provincial health insurance plan, often held up as a model of a universal and effective health care system, has stopped paying for costly treatment in US hospitals and drug rehabilitation centres. The Toronto Transit Commission wants to run fewer buses on many routes. The city is using half as much salt to de-ice roads this winter as it did last year.

But with the treasurer now saying *that a C$14bn deficit is* "unacceptable", some tougher choices lie ahead.

Raising taxes risks delaying *the economic recovery and fur*ther undermining business confidence.

Businesses in Toronto's financial district already pay the highest taxes in North America, except for midtown Manhattan.

Toronto and Ottawa are also finding it increasingly difficult to attract conventions, one of the pillars of any North American city's tourist trade.

Cutting back further on services however, is not much easier for the politicians.

The measures taken so far have already aroused a host of vociferous lobby groups, including many of the government's own supporters, like the teachers' union.

The next budget in April is unlikely to please anybody.

It will probably include both spending cuts and tax increases, but not enough of either to satisfy the credit rating agencies.

Ontario is one of North America's biggest borrowers on the international capital markets.

Having lost its Triple-A credit rating last year, it is almost certain that lenders will now demand an even higher premium for the C$10bn or more which the province plans to raise at home and abroad in the year ahead.

As the province's premier Mr Bob Rae put it in a television address last week: "We didn't get into this mess in a day, and we're not going to get out of it in a day either."

Lloyd's agency group in direct response plan

By Richard Lapper in London

HAYTER Brockbank, the Lloyd's agency group, is to launch a direct response insurance company to market motor and other personal types of insurance in the way *already pioneered successfully by Direct Line, a subsidiary of* the Royal Bank of Scotland.

Policies will be insured by syndicates at Lloyd's of London which are managed by the agency. Lloyd's already has just over 13 per cent of the UK motor market but brokers have generated this business.

Hayter Brockbank will invest £1.8m in start-up costs this year. It will begin underwriting – initially motor insurance – in January next year – and hopes to have 50,000 policyholders by May 1994 and 100,000 policyholders by January 1995.

It hopes to eventually form a consortium with other Lloyd's agencies to increase the amount of capital it can commit to the business.

Recent regulatory changes at Lloyd's have given agencies greater room for manoeuvre to write business directly rather than through Lloyd's registered insurance brokers, while the task force report into Lloyd's future, published 10 *days ago, suggested that the* superior cost structures enjoyed by direct writers might allow them to eat into Lloyd's share of the motor market. The success of the direct writers, however, has been an important influence for Hayter Brockbank's in the new venture.

"We are using them as our model, particularly Direct Line", said managing director Mr George Stevens, referring to the £10.1m profits recorded by Direct Line last year.

NOTICE OF EARLY REDEMPTION

Metropolitan Estate and Property International N.V.
(the "Company")
US$ 35,000,000 8¼ per cent. Convertible Bonds 1996 (the "Bonds")
Guaranteed by
MEPC plc (the "Guarantor")

Conversion Right expiry date: 21st February 1992
Redemption Date: 28th February 1992

Notice is hereby given to the holders (the "Bondholders") of the Bonds constituted by a trust deed dated 5th August 1980 (the "Trust Deed") and made between the Company, the Guarantor and The Law Debenture Corporation p.l.c., (the Trustee), that in accordance with Condition 5 (c) of the Bonds, the Company intends to redeem all the outstanding Bonds on 28th February 1992 ("the Redemption Date"). The Bonds will be redeemed at par together with interest accrued to the Redemption Date. The right of conversion may be exercised in relation to the Bonds (Bonds delivered for conversion should be delivered with all unmatured Coupons appertaining thereto, failing which the Bondholder must pay to the Paying Agent an amount equal to the face value of any missing unmatured Coupons) up to and including but not after the close of business on the fifth business day before the Redemption Date in accordance with Condition 6 of the Bonds.

Payments will be made against surrender of Bonds (Bonds should be presented for payment together with all unmatured Coupons relating thereto, failing which the amount of any missing unmatured Coupons will be deducted from the sum due for payment) at the specified office of any of the Paying Agents. Such payments will be made in New York City in US Dollars or, at the option of the holder, at the specified office of any Paying Agent by transfer to a US Dollar account maintained by the payee with, or by US Dollar cheque drawn on, a bank in New York City, subject in each case to any fiscal or other laws or regulations applicable thereto. Bonds and Coupons will become void unless presented for payment within periods of 10 and 5 years respectively from the Relevant Date as defined by Condition 8 of the Bonds.

AVAILABILITY OF DOCUMENTS

Copies of the Trust Deed may be inspected by Bondholders from the specified office of the Paying Agents given below.

Principal Paying Agent
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
23 Wall Street
New York
N.Y. 10015

PAYING AGENTS

Morgan Guaranty Trust Company of New York 1 Angel Court London EC2R 7AE	Morgan Guaranty Trust Company of New York Mainzer Landstrasse 46 6000 Frankfurt-Am-Main
J.P. Morgan Nederland Landbouchere N.V. Tasselschadestraat 12 Amsterdam 1054 ET	Morgan Guaranty Trust Company of New York Stockerstrasse 38 P.O. Box 474 8022 Zurich
Morgan Guaranty Trust Company of New York 35 Avenue des Arts B-1040 Brussels	Caisse d'Epargne de l'Etat 1 Place de Metz Luxembourg (L-2954)

Bondholders whose Bonds are held by Euro-clear or CEDEL S.A. should contact the following for information:-

Euro-clear: Custody Operations Department (telephone Brussels (322) 519 1211 telex 61025)

CEDEL: Corporate Action Department (telephone Luxembourg (352) 448 821 telex 2791)

This Notice has been approved for the purposes of S.57 of the Financial Services Act 1986 by Cazenove & Co., a member firm of the Securities and Futures Authority and of the London Stock Exchange.

NOTICE OF EARLY REDEMPTION

Metropolitan Estate and Property International N.V.
(the "Company")
A$ 12,500,000 8¾ per cent. Convertible Bonds 1996 (the "Bonds")
Guaranteed by
MEPC plc (the "Guarantor")

Conversion Right expiry date: 21st February 1992
Redemption Date: 28th February 1992

Notice is hereby given to the holders (the "Bondholders") of the Bonds constituted by a trust deed dated 28th October 1980 (the "Trust Deed") and made between the Company, the Guarantor and The Law Debenture Corporation p.l.c., (the Trustee), that in accordance with Condition 5 (c) of the Bonds, the Company intends to redeem all the outstanding Bonds on 28th February 1992 ("The Redemption Date"). The Bonds will be redeemed at par together with interest accrued to the Redemption Date. The right of conversion may be exercised in relation to the Bonds (Bonds delivered for conversion should be delivered with all unmatured Coupons appertaining thereto, failing which the Bondholder must pay to the Paying Agent in Australian Dollars an amount equal to the face value of any missing unmatured Coupons) up to and including but not after the close of business on the fifth business day before the Redemption Date in accordance with Condition 6 of the Bonds.

Payments will be made against surrender of Bonds (Bonds should be presented for payment together with all unmatured Coupons relating thereto, failing which the Bondholders must pay to the Paying Agent in Australian Dollars an amount equal to the face value of any missing unmatured Coupons) at the specified office of any of any of the Paying Agents. Such payments will be made in New York City in US Dollars or, at the option of the holder, at the specified office of any Paying Agent by transfer to a US Dollar account maintained by the payee with, or by US Dollar cheque drawn on, a bank in New York City, subject in each case to any fiscal or other laws or regulations applicable thereto. Bonds and Coupons will become void unless presented for payment within periods of 10 and 5 years, respectively, from the Relevant Date as defined by Condition 8 of the Bonds.

AVAILABILITY OF DOCUMENTS

Copies of the Trust Deed may be inspected by Bondholders from the specified office of the Paying Agents given below.

Principal Paying Agent
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
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PAYING AGENTS

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This Notice has been approved for the purposes of S.57 of the Financial Services Act 1986 by Cazenove & Co., a member firm of the Securities and Futures Authority and of the London Stock Exchange.

Ssangyong Cement Industrial Co., Ltd.

(Incorporated in the Republic of Korea with limited liability)

Notice to the Holders of the Outstanding
U.S. $70,000,000
3 per cent. Convertible Bonds due 2005
(the "Bonds")
of
Ssangyong Cement Industrial Co., Ltd.
(the "Company")

NOTICE IS HEREBY GIVEN to the holders of the Bonds pursuant to the provisions of the Trust Deed constituting the Bonds that as of 3rd January, 1992, being the Effective Date, the Bonds may lawfully be converted into fully paid and non-assessable shares of common stock of the Company under applicable Korean law. The conversion period in relation to the Bonds shall commence on 27th January, 1992.

27th January, 1992

Ssangyong Cement Industrial Co., Ltd.

Grattan purchase causes problems for Otto Versand

By John Thornhill

OTTO Versand, the German mail order group which last spring bought the Grattan mail order business from Next for £165m, is struggling to make the acquisition work in the face of the recession.

Mail order industry sources suggest the Bradford-based company has been losing agents and market share and is heading for a loss of more than £30m in the current financial year.

At the beginning of the year, Grattan caused ructions with some of its UK suppliers by adopting a far more aggressive approach and unilaterally imposing harsher terms of credit.

Otto is believed to be sourcing an increasing proportion of goods for Grattan from its existing supplier base in Germany.

Grattan also provoked discontent among its workforce this month when it announced that it intended to change bonus payments for 600 of its 4,000 workforce, thereby reducing their weekly income by an average of £20.

This led to a dispute with Usdaw, the shopworkers' union, which will be referred to Acas today.

Grattan will not comment on its trading performance now it forms part of a private international group. But Mr Norman Finnigan, Grattan personnel director, said: "Like the rest of the mail order and high street retailing markets we are finding trading very much more difficult than in previous years."

In the half-year to July 31 1990, Grattan made operating profits of £5.7m.

Mr Finnigan added that Otto Versand was operating Grattan on a "very decentralised basis".

"Grattan is making these changes in response to the very difficult trading conditions. It has nothing to do with being owned by Otto Versand." he said.

Otto's rivals in the UK believe that although there may be a period of hiatus while it gets to grip with Grattan the German company will emerge as a formidable competitor in the UK market.

Otto is a highly sophisticated operator and runs the biggest group of mail order companies in the world.

Its preference for direct marketing techniques in contrast to the traditional agency approach is seen by many as being the way forward for the UK mail order industry.

Sir Peter Walker denies any knowledge of MCC scandals

By Andrew Jack

SIR PETER Walker, the former Secretary of State for Wales who resigned from Maxwell Communication Corporation last summer shortly before he was due to become chairman, yesterday stressed that he had no knowledge of the scandals that have since emerged from within the group.

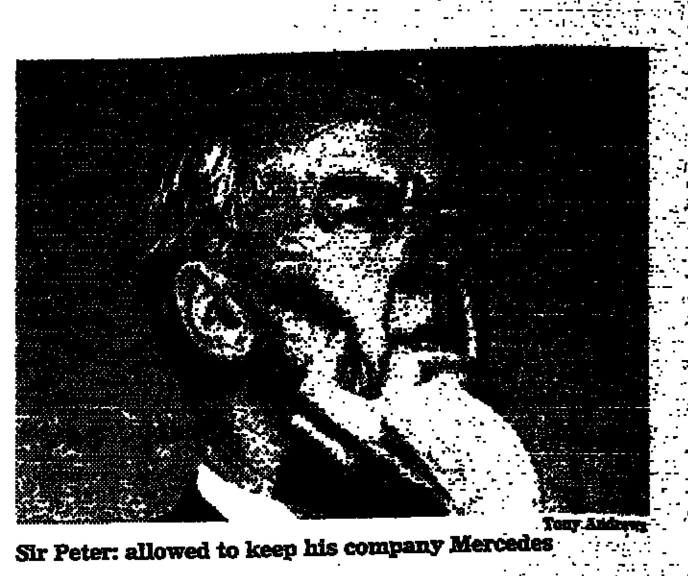
He also said that his resignation followed a request from the Maxwells - which reflected his own recommendations - and was not the result of any confidential information he had gathered on the state of the group's finances.

Sir Peter confirmed that he had been paid £100,000 - his first year's salary under a three-year contract as chairman - and wasalso allowed to keep the Mercedes saloon valued at more than £30,000 that came with the job and which he had taken in place of his own car.

He said he was offered the job as chairman of MCC at the start of 1991 "much to my surprise" after an informal dinner he held for Kevin Maxwell and his wife at his home. Sir Peter believes Kevin probably wanted to assert his control over MCC.

Sir Peter's conditions were that he could select four non-executive directors and that Mr Robert Maxwell resigned from the main board and all of MCC's subsidiaries. Sir Peter wanted a "totally conventional business with everything disclosed".

"The job did not attract me at first," he said. "But it was quite an exciting challenge to de-Maxwellise a vast publishing house ... there was a great intellectual attraction."



Tony Andrews

Sir Peter: allowed to keep his company Mercedes

He only met the late Mr Maxwell occasionally, and clashed with him on one occasion when he received a letter summoning him to a board meeting to discuss the accounts at just 24 hours' notice. Sir Peter could not attend at such short notice. "I sent him a sharp note back," he said.

During the period since joining the board as a non-executive director on April 2, he spent much of his time travelling to MCC subsidiaries for presentations in the UK and the US.

He concluded that the US companies were "marvellous and well run", but that in the UK there was "nothing of importance", no cash to make acquisitions and little scope for growth.

"The idea of managing the group from Holborn seemed absolutely crazy," he said. "I said if I were you, I would turn MCC into a totally American group, call it Macmillan and reduce the family equity."

Sir Peter was then told on July 11 last year that Mr Robert Maxwell had decided to take action along these lines. There was therefore little need for him to continue as chairman, and he said he was offered one year's salary and the company car.

He had never seen any figures concerning the MCC pension fund, which did not fall within his responsibility. He attended one meeting with the auditors to approve the 1991 accounts and had no reason to doubt them.

Job cuts and closures at Sun Alliance subsidiary

By Andrew Jack

LEGAL PROTECTION Group, the legal expenses insurer and a subsidiary of Sun Alliance, is to close all of its five regional sales offices and make 57 people redundant out of a total of 400.

The move follows a recent review of the structure of the company and the announcement by Sun Alliance last Friday that it plans to cut 800 jobs across the group as part of a rationalisation programme.

Mr Brian Raincock, who founded the company in 1977, loses his job as group managing director. He will become a consultant to the parent company on terms still to be determined.

Mr Malcolm Gilbert, finance director who will become managing director, said the costs of the reorganisation would be nearly £1m.

He stressed that the company would continue to operate its existing services, including commercial and personal legal expenses and indemnity insurance, and a 24-hour international telephone assistance line.

LPG generated an estimated £12m of income during the 1991 year but failed to make a profit.

Mr Gilbert believed LPG would make a small profit in the current year if the costs of restructuring were excluded.

The company's headquarters in Sutton, Surrey, and administrative offices in Halifax and the City will continue to operate.

Howden pays £3.4m for two acquisitions

Howden Group, the Glasgow-based engineering concern, is paying £3.39m for two acquisitions in the Netherlands and Hong Kong.

It is acquiring the remaining 50 per cent of Ventilatoren Sirocco Howden for Fl 6.56m (£2.03m), subject to adjustment following audit of the 1991 accounts. VSH makes cooling fans and a range of axial fans for the tunnel ventilation and power markets.

It is also acquiring 70 per cent of HD Engineering and the right to buy the remaining 30 per cent by 1999. HDE, based in Hong Kong, makes drilling rigs and other components for the construction industry. The purchase price is HK$19m (£1.36m) and a further profit-related cash consideration of up to HK$13m may be payable.

The consideration will be met by the allotment of 6.66m Howden ordinary shares, conditionally placed with institutional investors at 52p each.

Irish shipping group to acquire B&I Ferries

By Tim Coone in Dublin

SHAREHOLDERS in Irish Continental Group, the Dublin-based shipping company, have approved an I£8.5m (£7.9m) takeover of B&I Ferries, the loss-making state-run shipping company which operates passenger and cargo services across the Irish Sea.

The acquisition makes ICG the principal ferry operator between Ireland and the UK and the continent. In recommending the deal, the board said: "Because ICG is predominantly a passenger operation, the acquisition will reduce the seasonality of the overall business".

B&I's turnover is divided approximately 40:60 between passenger and cargo revenues.

Under the deal, the government is to assume I£35m of B&I's debts, while ICG will obtain assets worth I£18m.

The government turned down a management buy-out offer by B&I's staff last year in favour of the ICG offer.

Crest Nicholson's £3.8m sale helps reduce gearing

CREST Nicholson, the troubled Surrey-based housebuilding and commercial property development group has made further progress in reducing its gearing by the sale of two commercial properties for £3.8m.

The two properties, retail developments at Angel Place in Neath and Baxtergate in Doncaster were sold for £1.28m and £2.5m respectively.

The latest disposals continue the strategy put in place last year after the group recorded a near-£34m loss for the half-year, made provisions totalling £21m against falling property values and saw the departure of Mr Roger Lewis, its chief executive. Crest's plan to turn assets into cash has been implemented by Mr John Callcutt, who replaced Mr Lewis as chief executive.

After disposals totalling almost £50m, Crest's net borrowing has fallen to around £50m, down from a peak level last year of £115m. Gearing is now down to around 45 per cent from a peak of over 80 per cent.

Building analysts expect Crest to report losses of over £50m when the group unveils its preliminary results next month. These are expected to include more provisions against falling property values.

Saatchi US buy

Saatchi & Saatchi has acquired the outstanding shares in GDLW, an advertising agency based in Houston, Texas. It will be merged with Campbell-Mithun-Esty to give significant cost savings.

Consideration is $8m (£1.6m) to be satisfied by 13.07m shares. Further unconditional payments will be made over the next two years of $920,000.

Sea Containers called on to 'stop dithering'

WITH THE passing of the three-month standstill agreement between Sea Containers and The Isle of Man Steam Packet Company, Mr Norman Corlett, chairman of the latter company, has written to shareholders, exhorting Sea Containers "to stop dithering and make clear its position".

He said that it was now some 19 months since SeaCon, the cargo equipment and ferry company which currently owns 41 per cent of Steam Packet, first launched its bid. He added that there had been only limited progress on the extension of trading links and that neither party considered there was a "reasonable prospect of reaching agreement on the major issues in the foreseeable future".

Mr Corlett called on SeaCon to make a bid which reflected fully the value of Steam Packet. In 1990 it offered 115p per share compared with last Friday's close of 200p.

Water wars dominate acquisitions

The international mergers and acquisitions scene was dominated last week by Europe's water wars, writes Brian Bollen. The offer by Swiss food group Nestlé and French bank Indosuez for Source Perrier, the French mineral water company, was the biggest bid of the week by far.

The offer is being interpreted as further confirmation of the arrival of the hostile bid in continental Europe, and as an example of how modern European takeover strategy is evolving, combining Anglo-Saxon opportunism with continental structures, attitudes and regulation. It is also being seen as a setback for the ambitions of Italy's Agnelli family in the European food industry. The family, which is currently bidding for Exor, Perrier's parent company, will apparently not be muddying the waters still further by launching a counter-bid for Perrier.

Elsewhere, UK food and household products group Reckitt & Colman is selling its low-margin US-based Durkee-French spice and seasoning business as part of its strategy of concentrating on higher-margin, branded consumer businesses. Reckitt, which is also to sell its Canadian spice business to Burns Philp of Australia, will use the proceeds to cut debt.

British Petroleum's sale of its Egyptian oil production assets to Spain's Repsol Exploracion continues its drive to focus on core exploration areas and withdraw from countries where it has not reached critical mass.

Acquisitive Birmingham-based architectural products group Newman Tonks is continuing its policy of expansion and international diversification by buying Moller & Auster, the Norwegian locks and security systems company.

CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Nestle (Switzerland) Banque Indosuez (France)	Source Perrier (France)	Soft drinks	£1.38bn	Hostilities commence
Repsol Exploracion (Spain)	Assets of BP (UK)	Oil	£70m	BP exiting Egypt
Burns Philp (Australia)	Durkee-French (US)	Spices	£44m	Reckitt & Colman disposal
Kanematsu (Japan)/ Goldwin (Japan)	Fischer (Austria)	Sports goods	£7.4m	Jointly buying 31%
Newman Tonks (UK)	Moller & Auster (Norway)	Controls	£5.5m	NT continues internationlisation
John Brown (UK)	Sechaud & Bossoyt (France)	Engineering design	est £5m	Strengthening continental operations
British Vita (UK)	Norma Boxmeer (Holland) /Sporda (Sweden)	Bedding/fibres	£5m	Combined consideration
T&N (UK)	Gleitlagerwerk Osterwieck (Germany)	Bearings	£2m	"Important" strategic move
Electrolux Autolive (Sweden)/ NSK (Japan)	JV	Car safety	n/a	Air bag supply venture
Friends Provident (UK)	Gambi Azzoni Sim (Italy)	Stockbroking	n/a	20% of new group

Source: FT Mergers + Acquisitions International

NOTICE OF EARLY REDEMPTION

Sumitomo Metal International Finance Netherlands B.V.
(the "Company")

¥10,000,000,000
12 per cent Variable Redemption Amount Guaranteed Notes due 1994

GUARANTEED BY
SUMITOMO METAL INDUSTRIES, LIMITED.

Notice is hereby given that in accordance with Clause 6 (E) of The Terms and Conditions of the above Notes, the Company has elected to redeem all of the outstanding Notes on the next interest payment date 26th February, 1992.

Repayment of principle will be made upon presentation and surrender of the Notes with all unmatured Coupons attached, at the offices of The Paying Agent mentioned thereon.

Accrued interest due on 26th February, 1992 will be paid against presentation of Coupon No. 2.

Sumitomo Metal International Finance Netherlands B.V.
By: The Sumitomo Bank, Limited
Fiscal and Paying Agent

The Board of Directors of
DOUBLE HEDGE INCOME MANAGEMENT COMPANY
MANAGEMENT COMPANY OF THE MUTUAL FUND
"DOUBLE HEDGE INCOME FUND"

hereby informs the shareholders of the Double Hedge Income Fund of the fact that by decision of the Double Hedge Income Management Company and Chase Manhattan Bank Luxembourg SA (in its capacity of Depositary of the Fund), the first paragraph of Article 12 of the Management Regulations of the Fund relating to the Acceptance of Applications is amended so as to read as follows:

"Applications shall be accepted by Management Company on the bank business day of receipt thereof, provided the application shall have been received by the Management Company on or before 10 a.m. (Luxembourg time). Payment of the subscription price shall be made within five bank business days following the acceptance of the application."

and the first paragraph of Article 13 of the Management Regulations of the Fund relating to the Repurchase is amended so as to read as follows:

"Shareholders may request the Management Company to repurchase their shares on any bank business day against delivery of their share certificates, if any. Repurchase will be made at the net asset value per share determined on the bank business day on which the request is received, provided such request is received prior to 10 a.m. (Luxembourg time)."

The other provisions of the Management Regulations of the Fund shall remain unchanged.

This change shall be effective as of the first of February 1992.

Profits fall at Exxon, Mobil and Chevron

By Karen Zagor in New York

THE RECESSION'S impact on oil companies was reflected in the fourth-quarter results of Exxon, Mobil and Chevron, which all reported sharply lower earnings for the period.

Very strong oil prices a year earlier, following Iraq's invasion of Kuwait, made earnings comparisons particularly difficult for the three months.

Exxon, the world's biggest oil company, unveiled a 28 per cent drop in fourth-quarter earnings but posted a 12 per cent improvement in net income for the year.

The company blamed the erosion in fourth-quarter earnings on exceptionally high prices in the corresponding 1990 quarter after the invasion of Kuwait. The decline also reflects weak gas prices in the US and lower production of liquids and natural gas.

In the latest quarter, Exxon earned $1.12bn or 89 cents a share against $1.56bn or $1.23 a year earlier. Revenues fell 12 per cent to $30.87bn from $35.12bn.

Exxon's full-year net income climbed to $5.6bn or $4.45 a share from $5.01bn or $3.96. Revenues were flat, at $116.34bn compared with $116.94bn a year ago.

Mr Lawrence Rawl, chairman, said all the company's earnings growth in the year and 75 per cent of its profits had come from overseas. "The company's foreign refining and marketing operations were well-positioned to respond to rapidly changing market conditions, particularly in the first quarter when essentially all of this year's increase in earnings was achieved."

During the year, crude oil prices fell by $10-a-barrel, cutting into Exxon's profits. Earnings were also hit by sluggish natural gas prices in the US and weak markets for chemicals, coal and copper.

Mobil, the second biggest US oil and gas group, posted fourth-quarter earnings of $401m or 97 cents a share, down 38 per cent from 1990's $652m or $1.58 a share. Stripping out one-time items, fourth-quarter operating earnings were $389m, down 51 per cent from $797m last year.

Mobil's fourth-quarter revenues fell 24 per cent to $16.63bn from $19.38bn. Full-year revenues edged 3 per cent lower to $62.68bn from $64.47bn.

For the year, Mobil earned $1.92bn or $4.65 a share against $1.93bn or $4.60. Excluding extraordinary items, earnings for 1991 were $1.90bn against $1.92bn last year.

Mr Allen Murray, chairman, said Mobil's operating performance helped offset some of the negative factors in 1991.

Chevron, the fourth biggest US oil company, turned in fourth-quarter earnings of $39m or 11 cents a share, including extraordinary items of $244m. A year earlier, Chevron earned $633m or $1.80 a share, including one-time charges of $123m.

For the year, Chevron's earnings fell 40 per cent to $1.29bn or $3.69 a share from $2.16bn or $6.10 in 1990 in spite of strong gains from the company's foreign operations. Chevron attributed the decline to depressed natural gas prices and downstream margins in the US.

Chevron had fourth-quarter revenues of $10.39bn, down from $13.76bn. Total 1991 revenues were $40.95bn from $42.57bn.

Mr Michael Young, an analyst at Smith Barney, said the results met his expectations and provided further evidence that the industry would have a very weak first quarter. "Clearly oil companies are at the depths of a recessionary cycle in all of the major segments," namely chemicals, US and foreign oil and gas, and US and foreign refining and marketing.

These sentiments were echoed by Mr Murray who said: "Unfortunately, 1992 is not off to a good start. There has been no improvement in business conditions. Crude oil prices have remained weak, as have US natural gas prices which are below last year's level, and US downstream margins are very weak."

Mr Young said he had not changed his earnings estimates for Mobil, Exxon or Chevron. He expects Mobil to earn 80 cents a share in the 1992 first quarter, and $4.15 a share for the full year. He expects Exxon to earn 85 cents in the first quarter and $3.90 for the year and Chevron 60 cents in the quarter and $3.80 in the year.

● Imperial Oil, 70 per cent owned by Exxon, and Canada's biggest integrated oil company, is following Petro-Canada and Shell Canada with heavy cuts in downstream operations, Robert Gibbens reports from Montreal.

Imperial posted a 1991 operating loss of C$36m (US$31m) on revenues of C$9.2bn against profits of C$522m on revenues of C$11.3bn in 1990. But after gains on asset sales and accounting adjustments, net profits were C$162m or 84 cents a share against C$256m or C$1.34 a share.

Imperial will probably close two small refineries and several hundred retail petrol outlets. Staff will be cut from the present 11,500. Details will be released next month.

Macy's close to filing for Chapter 11 protection

By Martin Dickson in New York

R.H. MACY, the New York-based department store chain, is widely expected to file for Chapter 11 bankruptcy protection against its creditors over the next few days, possibly as early as this morning.

The collapse on Friday night of a last-minute bail-out by Mr Laurence Tisch and his Loews Corporation appears to leave the heavily-indebted company with no way of escaping a bankruptcy filing.

Macy's, which was taken private in a 1986 leveraged buy-out and is struggling with $3.6bn of debt and trading losses, declined to comment over the weekend. However, its officials were believed to be closeted with financial advisors discussing the mechanics of a bankruptcy filing.

Mr Tisch, whose interests range from the CBS media group to insurance and property, offered to inject $1bn of cash into Macy's. Loews would have paid $740m for the group's publicly traded bonds and $80m for virtually all the equity. It would have used between $200m and $300m to pay off Macy's suppliers.

The deal collapsed when Prudential Insurance refused to grant better terms to Mr Tisch on the $811m mortgage it holds on 70 Macy's stores, about half the chain's outlets.

Mr Tisch apparently asked for a cut in interest on the loan from 12 per cent to 9 per cent. Mr Frank McDougal, president of Prudential Mortgage Capital, told the New York Times that "we had many discussions with the Tisch organisation and we were willing to bend and compromise to a certain point, and beyond that it would not have been prudent for us."

A Chapter 11 filing could help the group because it would remove the uncertainty that has surrounded its finances since early this month, when it deferred payments due to trade suppliers in the hope of meeting the provisions of its revolving credit agreement with banks.

Suppliers have since been holding back fresh shipments of goods to Macy's stores.

Toyota plans to buy minority stake in French distributor

By Kevin Done, Motor Industry Correspondent

TOYOTA, the leading Japanese car maker, is planning to buy a minority stake of about 35 per cent in Toyota France, its privately-owned French importer and distributor.

The moves follows the acquisition last year by Nissan, the second largest Japanese car maker, of an additional 72.1 per cent stake in Richard Nissan, its French importer/distributor, raising its holding to 81.6 per cent.

The leading Japanese car makers are strengthening control of their distributors in Europe in preparation for the creation of the single European market from the end of 1992. Tighter control will also help them cope with the growing supply of cars from their European assembly plants during the 1990s.

Toyota's first European car plant, located at Burnaston near Derby in the UK, begins production in late 1992, as does Honda's car plant at Swindon. Nissan's plant at Sunderland in north-east England, which began production in 1986, is expected to raise car output to 175,000 this year and to 270,000 in 1993.

Toyota France is currently 98.5 per cent owned by Walter Frey Holding of Switzerland, the holding company for the Emil Frey motor distributor and motor retailing group.

Mr Walter Frey, chairman of the family-owned company, said that Toyota had received permission in December from the French authorities to take a substantial minority stake in Toyota France.

The timing of the acquisition and the price were still to be negotiated. The Emil Frey group would remain the Toyota importer/distributor in Switzerland.

Toyota already owns Toyota Deutschland and Toyota Italia, its German and Italian importer/distributors. It has also acquired a 5 per cent stake in Toyota GB, its UK distributor, which it will raise in stages to 51 per cent by 1998.

Nissan took control of its importer/distributor operations in the UK with effect from the beginning of 1992.

Toyota last year sold 16,631 cars in France, filling its 0.78 per cent quota of the market.

France maintains a 3 per cent market share quota on direct vehicle imports from Japan and has limited the Japanese presence to five car makers, Nissan, Toyota, Mazda, Honda and Mitsubishi Motors.

Toyota yesterday strongly denied reports in France that it had made a deal with the French authorities to accept special restrictions on its sales after the end of 1992 in return for French government approval of its plan to take a stake in Toyota France.

● Moody's Investors Service, the US rating agency, is reviewing the credit of Nissan Motor in Japan and several units of the automobile maker for possible downgrading, AP-DJ reports from Tokyo.

The review of the Single-A-One rating of Nissan's senior credit affects $16bn of debt. Moody's cited Nissan's "disappointing business performance, especially in its intensely competitive home market" and concern about the impact on cashflow of plans for heavy investment in plant and equipment.

NRI TOKYO BOND INDEX

December 1983 = 100	23/01/92	Average yield (%)	Last week	12 wks ago	26 wks ago
	PERFORMANCE INDEX				
Overall	171.12	5.39	169.88	164.58	157.09
Government Bonds	170.32	5.20	168.70	162.67	154.75
Municipal Bonds	172.43	5.85	171.73	166.92	158.87
Govt.-guaranteed Bonds	174.61	5.86	174.09	169.36	161.60
Bank Debentures	166.85	5.12	165.64	160.90	154.21
Corporate Bonds	172.28	6.37	171.63	167.20	160.01
Yen-denom. Foreign Bonds	175.01	7.12	174.77	172.17	165.79
Government 10-year†	5.53		5.60	6.03	6.59

† Estimated par yield

Source: Nomura Research Institute

American Brands advances

AMERICAN BRANDS, the Connecticut-based tobacco and consumer products company, reports after-tax profits of $216.6m in the fourth quarter of 1991, thanks to strong performances from the tobacco and drinks businesses as well as hardware and home improvements interests, writes Nikki Tait in New York.

The figure compares with a $7.1m net profit earned in the same period a year earlier, but that was depressed by certain non-operating charges. At the operating profit level, American Brands made $442.3m in the final quarter of 1991, against $399.1m in the fourth quarter of 1990.

The results leave the consumer products group posting a $806.1m net profit for the year, up from $588.6m in 1990. The shares rose $1 to $46 on the news.

American Brands said that the underlying sales and operating profit increase in the tobacco business was 5 per cent, once the sale of a Dutch business was excluded. Operating profits here totalled $1.08bn.

CS First Boston appointment

MR Robert Diamond, a senior executive in London for Morgan Stanley, has joined rival US investment bank CS First Boston as chief executive of its Far Eastern activities, writes Martin Dickson in New York.

Mr Allen Wheat, 43, who has headed the Pacific operations for the past two years, as well as running the firm's derivatives products business, Credit Suisse Financial Products, will now concentrate on the latter and also take on responsibility for the bank's worldwide foreign exchange business.

Mr Wheat, who will be based in London, said both businesses had been been growing so fast they needed separate chief executives. Mr Diamond, 40, was previously head of fixed income securities trading for Morgan Stanley in London.

Nordic area bank set to be formed

By Robert Taylor in Stockholm

A NEW savings bank in Sweden is to be created which will be the largest in the Nordic region. The go-ahead for the plan was given at the weekend by the board of Sweden's Sparbankengruppen, the holding company for 10 regional savings banks along with Forsta Sparbanken.

Full details of the proposed new savings giant will be announced today. It is to be called Sparbanken Sverige and have total assets of SKr500bn (US$86bn). With 14,000 employees and around 800 offices across Sweden, the bank will cover 90 per cent of existing savings bank activity in the country.

A special shareholders' meeting of Sparbankengruppen will be held on March 3 to approve the proposed new savings giant which it is intended will be eventually listed on the stock market.

HK speeds legislation on paperless trading

By Simon Holberton in Hong Kong

HONG KONG took a further step towards paperless share trading with the government's decision to bring forward legislation to enable the creation of a central stock clearing and settlements system.

Mr David Nendick, secretary for monetary affairs, said the legislation would be introduced next month. Legislation is needed to insulate the new system from Hong Kong's existing insolvency laws – thereby guaranteeing the integrity of the netting and settlement operations of the system.

The share trading and settlements system, which the Hong Kong Securities Clearing Company (HKSCC) will operate, works on the basis of continuous netting of transactions.

Under current law, if a broker were declared insolvent the receiver could unwind transactions up to six months previous to the insolvency. The change will prevent this and give the HKSCC a first charge over securities to be settled.

Hong Kong's new trading system was due to be operational by late 1991 but, as with London's attempt to introduce Taurus, Hong Kong has faced technological and institutional problems. Mr Nendick said the system should be operational by the end of this year.

Questions, however, still dog the HKSCC – 50 per cent owned by the Hong Kong Stock Exchange, and 10 per cent each by five banks – concerning risk management and the governance of the company.

It is planned that a fund of HK$200m will be established to guarantee settlement of share trades in the event of broker default. Some brokers feel this is insufficient to protect against possible default.

Before the system becomes operational the company has to satisfy the Securities and Futures Exchange, Hong Kong's financial watchdog, that there is adequate representation on its board to safeguard the public interest.

INTERNATIONAL CAPITAL MARKETS

UK GILTS

Tremors over cornucopia of issues

IN A quiet week for the gilt market, the focus switched to what is in store for investors in the financial year beginning in April. There will be a cornucopia of new bond issues to pay for the looming deficit on UK public spending – a fact that is starting to send tremors around the market.

The nervousness about the effects of a big supply of gilts restrained the general downward pressure on bond yields. Sharply higher bond issues to finance the estimated £24bn public-sector borrowing requirement in 1992-1993 are likely to lead to an over-supply of the instruments, depressing prices and raising yields.

Last week, gilt yields edged down slightly, with short-dated instruments performing better than those above 10 years.

On Friday night the yield of the benchmark Treasury 9 per cent bond maturing in 2008 was quoted at 9.23 per cent, while the shorter-dated Treasury 10 per cent stock maturing in 1994 was 9.53 per cent.

Yields for short-dated securities showed a relatively large fall of up to 20 basis points on the week. This was due to theories that the firmer pound might prompt a cut in base rates, now at 10.5 per cent.

The pressures on funding will be underlined this Wednesday, when the Bank of England is to auction £1.8bn of 9¾ per cent Treasury stock, maturing in 2002. The Bank's announcement last week about the volume of stock surprised some market participants, and caused some easing in prices across the yield curve. The largest issue in a run of five similar events in 1991 was restricted to £1.5bn.

On Friday the Bank said it would issue a tranche of index-linked gilts worth £300m. The instruments are in two separate issues, each worth £150m, with the bonds concerned being the 2½ per cent stocks due 2001 and 2009. Issue prices will be certified later by the government broker.

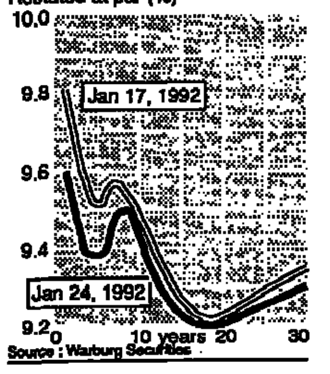
Assuming the auction and the sales of index-linked gilts go smoothly, it appears that the Bank will have issued virtually all the stock it requires to finance the 1991-1992 PSBR, which many economists believe will be about £13bn.

There may even be a small amount of over-funding – money that can be held over to the next financial year. This could be extremely useful for the Bank and the Treasury, for in 1992-1993 funding pressures are likely to be even greater.

The deficit is likely to soar due to higher spending on unemployment and other aspects of social security linked to the recession. Mr Norman Lamont, the chancellor, may also be tempted, in the March Budget, to push up levels of government spending in discretionary areas such as transport, while at the same time government tax income is falling below estimates.

UK gilts yields

Restated at par (%)



Source: Warburg Securities

All this may mean total gilt funding – allowing for repayments on maturing debts – approaches £30bn for 1992-1993, roughly twice the level in 1991-1992.

Coming so soon after a period of minimal gilt issues – the government ran a small public spending surplus in 1990-1991 – the large issues are giving market managers at the Bank a few headaches.

They will have to arrange a programme of funding that is flexible enough to meet the needs of gilt investors, at the same time as maximising the potential for selling the bonds at high prices. The Bank may settle for a programme of auctions roughly every two months – at which £2bn to £3bn of the securities are on sale each time – supplemented by a tranche of smaller debt issues periodically.

All the signs are that the funding programme ahead will restrain any gilt price rise generally good economic conditions for bonds.

The subdued state of UK inflationary pressures, a factor helpful for bond prices, was underlined last week with news of a 1.2 per cent fall in manufacturing output in the three months to November compared with the previous three-month period.

This pointed towards flat or negative output for the UK as a whole – excluding North Sea oil and gas production – for the final quarter of 1991. If this turns out to be the case, the recession will have lasted for six quarters, making it the longest UK recession since the Second World War.

With little sign of a recovery, inflation will be one of the few aspects of the UK economy that policymakers will not need to worry about during the next few months.

Peter Marsh

FRENCH BONDS

Stability defies convention after rate rises

CONVENTIONAL wisdom suggests that two rises in official interest rates in little more than a month should not be good news for bonds.

But conventions have little or nothing to do with modern markets where investors are influenced as much by the international environment as by the exigencies of individual economies. Hence the French bond market has remained surprisingly stable so far this year, despite France's recent round of rate rises.

"It's all emotion," said Mr Christopher Potts, market strategist at Banque Indosuez in Paris. "Anyone with any sense knows that French interest rates cannot come down until the German rate falls in a few months' time. But investors are looking at the international rather than the domestic context, and France now seems much more attractive than the US, Canada or Australia."

As a result French bonds, like their German counterparts, have been buoyed by the switch of international investment into Europe. Rates on the benchmark 10-year OAT government bond rose to 8.45 per cent on Friday, from a cyclical low of 8.36 per cent on Wednesday. This compares to levels of 8.75 a month ago. The Matif's 10-year notional OAT futures contract was stable beginning the week at 108.72 and ending it at 108.66, against 108 at the end of last year.

One encouraging sign for the French market was that the spread over German bunds has been falling. The bund differential is now seen as a critical indicator of the French market's health given that France's currency and now its interest rates are effectively tied to those of Germany.

The trend before the Maastricht summit was for the bund differential to widen. Since then the spread has narrowed. The differential peaked at 70 basis points in early November, slipped to 60 or 65 by mid-December and had fallen to around 50 basis points last week. Most analysts expect the spread to fall further.

Meanwhile, the prospects for the French economy are more clouded than ever.

Official forecasts for gross domestic product have growth of 1.4 per cent in 1991 followed by growth of between 2 and 2.2 per cent in 1992. Goldman Sachs, like most other forecasters, is more cautious, favouring growth of just 1 per cent to 2 per cent for this year.

Last week's announcement that industrial production fell by 0.6 per cent in November compared with October highlighted the mood of "Franco-pessimism" as Mr Pierre Bérégovoy, the French finance minister, calls it.

Yet the French can seek solace in low inflation. The December inflation figures disclosed an increase of 0.1 per cent, producing a total of 3.1 per cent for 1991, this represents a fall from 3.4 per cent in 1990. Rising unemployment suggests inflation should stay low for the foreseeable future – just the way the bond markets like it.

Alice Rawsthorn

US MONEY AND CREDIT

Treasuries fall ahead of Bush speech

THE COMBINED might of President Bush and America's corporate treasurers has Wall Street's credit markets unsettled as the US enters a week of great political importance.

Tomorrow Mr Bush delivers the President's annual state of the union address and will outline a package of measures to get the US economy moving again. There are fears in some sections of the credit markets that the resulting fiscal stimulus could boost inflation, and this has helped push Treasury bond prices down over the past week.

Corporate treasurers, meanwhile, have continued over the past week with the avalanche of fixed income and equity new issues which hit the market at the start of the year. Since dealers often have to sell government securities to cover their positions in unsold corporate issues, this too has been exerting downward pressure on government bond prices.

Add in nervousness over the weekend meeting in New York of G7 nations, and the result last week was a 1⅛ drop in the price of the benchmark 30-year Treasury issue, taking its yield back up to 7.71 per cent, compared to 7.61 a week ago and 7.51 four weeks ago.

Long rates are back up around where they were in mid-December, before the Federal Reserve set in train a powerful rally with its one-point cut in the discount rate on December 20. Is this a temporary upward blip, as most Wall Street analysts seem to believe, or are long rates now past their trough for this economic cycle?

US MONEY MARKET RATES (%)

	Last Friday	1 week ago	4 wks ago	12-month High	12-month Low
Fed Funds (weekly average)	3.87	2.00	4.00	11.00	2.00
Three-month Treasury bi	3.90	3.86	3.93	8.29	3.76
Six-month Treasury bills	4.06	4.01	4.01	7.70	3.95
Three-month prime CDs	4.15	4.12	4.35	7.17	4.01
30-day Commercial Paper	4.00	3.98	5.00	7.12	3.98
90-day Commercial Paper	4.00	3.94	4.50	7.02	3.94

US BOND PRICES AND YIELDS (%)

	Last Fri.	Change on wk	Yield	1 week ago	4 wk. ago
Seven-year Treasury	97¼	-⅛	6.89	6.79	6.44
20-year Treasury	116¼	-⅜	7.49	7.41	7.24
30-year Treasury	103⅝	-1⅛	7.71	7.61	7.51

Money supply: In the week ended January13,M1 rose by $11.2bn to $903.5bn.

Certainly, a slew of recent statistics suggesting the economy is more or less "dead in the water" does not give the bond market too much to fear from inflation in the short-term. The Fed's latest "beige book" of regional economic activity, released this week, described economic activity at the turn of the year as "lacklustre".

That said, the past week has brought some signs of stirring in the housing market, which tends to be an important leading indicator. Housing starts were up 2.6 per cent in December, greater than expected, albeit from a low base.

Banks, meanwhile, have reported a rush of homeowners wanting to remortgage properties at the lowest interest rates in years. That should eventually work through into greater consumer confidence and disposable income, giving a further fillip to the housing market and the wider economy.

In short, the groundwork appears to be being laid for a gradual recovery which could start to gather momentum around the middle of the year. But the weakness of the recovery and the historic tendency for inflation to continue moderating in the early stages of a rebound, suggests that price pressures may remain weak for months to come.

Nor will President Bush's economic package necessarily have the negative impact on inflation that the market fears. Inspired leaks over the past few weeks suggest it is unlikely to add horribly to the budget deficit and will favour investment rather than consumption – though over the coming months Congress may try to change that balance.

The Fed's December easing move has certainly helped reduce the head of political steam for dramatic fiscal action, but where does all this now leave Fed policy?

The line from the Fed over the past two weeks has been that the economy is starting a recovery that will become clear by the spring. Mr Gerald Corrigan, president of the New York Fed, argued this week that he saw "potential for a strong economic recovery ... which may surprise us all."

So the bank might yet hold off the further 25 basis point easing in the Fed funds rate that much of Wall Street expects in the first half of February – after the Fed's policy-making Open Market Committee meeting at the start of the month and chairman Alan Greenspan's Humphrey-Hawkins testimony to Congress.

The market's growing sense that the Fed may not ease again in the near future was given added force last Thursday, when surprisingly strong money supply growth figures were released for the week ending January 13. These, however, may simply be a seasonal aberration, since the underlying growth of M2 has been weak for months.

All this helps explain the current rush of corporate borrowing. Even if the Fed does ease again, the effect will be much more powerful at the short end. The long end has too much to worry about. Long rates may not have bottomed, but cannot be far from it, making this a very attractive time to lock in fresh funding.

Martin Dickson

FT/ISMA INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHT	Issued	Bid price	Chg on week	Yield
ABBEY NATIONAL 9 3/4 94	200	107⅛		5.88
ABN 9 1/8 94	200	106¼	-⅛	6.38
AETNA LIFE & CAS 7 3/4 16	200	101¼	+⅛	7.58
ALBERTA PROVINCE 8 5/8 96	750	106⅜	-⅛	7.02
ALBERTA PROVINCE 9 3/8 95	600	109	-⅛	6.58
AMERICAN EXPRESS 0 00	450	47⅝	+⅛	8.71
AMERICAN GENERAL 9 3/4 95	100	106⅜	-⅛	7.63
AMERICAN INTL 0 04	750	35⅝	-⅛	8.57
ASIAN DEV BANK 0 04	1000	36⅝	-⅛	8.30
ASIAN DEV BANK 8 96	100	103⅜		7.06
AUSTRALIA 11 95	200	112¼	-⅛	6.76
AUSTRIA 7 3/4 97	200	103¼		6.99
AUSTRIA 8 1/2 00	400	105⅜	-⅛	7.52
AUSTRIA 9 1/4 96	100	108⅛	-⅛	6.97
BANK OF TOKYO 8 3/8 96	100	104⅝	-⅛	7.12
BARCLAYS JERSEY 10 5/8 95	250	112⅝	-⅛	6.82
BAYER USA 8 1/4 96	150	104⅛	-⅛	7.08
BELGIUM 8 97	300	104¼	-⅛	6.97
BELGIUM 8 3/4 98	400	106⅜	-⅛	7.37
BELGIUM 9.2 10	500	109⅝	-⅛	8.16
BELGIUM 9 5/8 98	250	110⅛	-⅛	7.45
BFCE 7 3/4 97	150	103¼		7.00
BFCE 9 1/4 95	150	109	-⅛	6.51
BNP 8 5/8 94	300	106⅛	-⅛	5.86
BOOTS 9 97	175	106⅛		7.44
BP AMERICA 9 3/4 99	250	110⅛	-⅛	7.79
BP CAPITAL 9 1/8 94	75	105¼	+⅛	6.17
BPCA FINANCE 8 3/8 98	150	103½	-⅛	7.64
BRITISH GAS 8 3/8 99	350	104⅝	-⅛	7.54
BRITISH TELECOM FIN 8 3/4 99	200	106⅝	-⅛	7.55
BRITISH TELECOM FIN 9 3/8 98	250	109⅛	-⅛	7.58
CAISSE NAT ENERGIE 11 3/4 95	125	114⅞	-⅛	6.22
CAMPBELL SOUP 10 1/2 95	100	103½	-⅛	9.28
CANADA 9 96	1000	108⅝	-⅛	6.52
CANADA 10 95	500	111⅛	-⅛	6.43
CANADIAN PACIFIC 7 1/2 96	100	100¼	+⅛	7.45
CARCO 9 1/4 96	650	103⅛	-⅛	8.37
CARIPLO 8 3/4 98	200	104⅛	-⅛	7.84
CATERPILLAR FIN SERV 0 94	140	88⅝	+⅛	6.22
CCCE 8 3/4 99	200	107⅛	-⅛	7.49
CCCE 9 1/4 95	300	108⅛	-⅛	6.15
CENTRUST SAVINGS 0 10	1200	13	-⅛	11.96
CHEVRON CORP 8 1/4 96	300	103½	-⅛	7.24
CHUBU ELEC POWER 8 1/4 98	350	103⅛	-⅛	7.62
CNCA 7 1/2 94	150	103⅞	-⅛	5.71
CNT 8 1/2 93	160	103⅛	-⅛	5.38
COCA-COLA AMATIL 7 5/8 96	175	102¼	-⅛	7.08
COLGATE-PALMOLIVE 9 1/2 96	100	102⅞	-⅛	8.78
COMM BK AUSTRALIA 10 93	100	106⅞	-⅛	5.80
COMP BANCAIRE 8 1/4 94	250	104⅝	-⅛	6.05
COUNCIL EUROPE 8 96	100	104½	-⅛	6.80
CREDIT FONCIER 7 1/2 94	150	103⅝	-⅛	5.48
CREDIT FONCIER 9 1/4 95	200	109	-⅛	6.45
CREDIT FONCIER 9 1/2 99	300	110⅞	-⅛	7.46
CREDIT LOCAL 8 7/8 99	250	107	-⅛	7.63
CREDIT LYONNAIS 9 96	300	106⅛	-⅛	7.16
CREDIT NATIONAL 7 3/4 94	200	104	-⅛	5.79
CREDIT NATIONAL 8 1/4 93	200	103⅛		5.01
DAIMLER-BENZ NA 8 98	250	102⅞	-⅛	7.52
DENMARK 0 98	250	62	-⅛	7.59
DENMARK 7 3/4 93	250	103⅛	-⅛	5.11
DENMARK 8 1/4 94	150	105⅝	-⅛	5.90
DENMARK 9 1/4 95	1571	108½	-⅛	6.19
DEUTSCHE BK FIN 9 3/8 99	200	109⅝	-⅛	7.61
DKB ASIA 8 93	100	103⅛	-⅛	6.01
DSM 8 1/2 96	150	104⅝	-⅛	7.29
DU PONT DE NEMOURS 8 1/2 96	250	105⅝		6.91
ECSC 8 1/4 96	193	105⅛	-⅛	6.81
EEC 7 1/4 93	250	102¼	-⅛	5.10
EEC 8 1/4 96	100	105⅛	-⅛	6.75
EIB 7 3/4 98	250	103⅞	-⅛	6.70
EIB 9 1/4 97	1000	110	-⅛	7.08
EIB 9 1/2 99	200	110⅞	-⅛	7.47
EIB 10 97	250	112⅝	+⅛	7.01
EKSPORTFINANS 0 94	360	85¼		6.11
EKSPORTFINANS 7 7/8 96	200	103½	-⅛	7.00
EKSPORTFINANS 8 1/8 95	200	105½	-⅛	6.15
ELEC CORP N ZEALAND 9 3/8 96	200	106⅛	-⅛	7.53
ELEC DE FRANCE 9 98	200	108	-⅛	7.33
ELEC DE FRANCE 9 1/2 95	250	109⅛	-⅛	6.60
ENERGIE BEHEER 9 95	300	107⅞	-⅛	6.54
EURATOM 7 3/4 97	247	102⅞	+⅛	7.04
EURO CRED CARD TST 9 94	325	104⅛	-⅛	7.20
EURO CRED CARD TST 9 1/2 95	845	105⅛	-⅛	7.87
EUROFIMA 9 1/4 96	100	108⅛		6.88
EUROFIMA 10 1/8 93	100	105⅛	-⅛	5.20
EX-IM BANK JAPAN 9 1/2 00	200	110⅝	-½	7.72
EX-IM BANK JAPAN 9 3/4 99	200	111⅛	-⅛	7.59
EXPORT DEV CORP 8 5/8 00	200	105⅛	-½	7.65
EXPORT DEV CORP 9 1/2 98	150	110⅝	-⅛	7.41
EXXON CAPITAL 0 04	1800	35⅞	-⅛	8.33
FARM CRED CORP 7 1/2 93	100	102⅞		5.84
FARM CRED CORP 7 3/4 96	100	103¼		6.86
FERRO DEL STAT 8 1/2 93	500	104½		4.65
FERRO DEL STAT 9 1/8 09	1000	109⅝	+⅛	8.08
FINLAND 7 7/8 97	200	102⅞	-⅛	7.17
FINLAND 9 96	850	107⅝	-⅛	6.89
FINNISH EXPORT 7 3/4 94	250	103⅞	-⅛	5.86
FINNISH EXPORT 9 3/8 95	200	108⅜	-⅛	6.65
FORD CAPITAL 9 3/4 97	250	105⅜	+⅛	8.35
FORD MOTOR CREDIT 11 96	100	109⅝		8.07
FUJI HEAVY 8 3/4 99	300	103⅞	-⅛	8.05
GEFCO 7 5/8 97	150	102⅝	+⅛	6.99
GEN ELEC CAPITAL 9 3/8 96	300	108⅛	-⅛	7.13
GEN ELEC CAPITAL 9 5/8 94	200	108½	-⅛	6.22
GENERAL ELECTRIC 9 1/8 93	500	105⅝		5.59
GMAC 9 1/8 96	200	103⅞	+⅛	8.01
GUINNESS FINANCE 8 94	200	104⅛	-⅛	6.12
HALIFAX 9 3/8 95	200	106⅞	-⅛	6.89
HOECHST INVEST 8 1/4 97	100	103⅞	-⅛	7.43
IBM INTL FIN 7 3/4 94	200	104⅛		5.71
IBM WORLD TRADE 7 5/8 93	150	103⅛		5.75
IMI BANK 8 5/8 94	500	105	-⅛	6.42
IND BK JAPAN FIN 7 7/8 97	200	102⅛	+⅛	7.30
INTER AMER DEV 7 5/8 96	200	103⅞	-⅛	6.74
INTER AMER DEV 9 1/2 00	300	110⅝	-⅛	7.70
INTL FINANCE 8 3/4 96	200	107⅛	-⅛	6.80
INTL FINANCE 9 1/4 95	300	108⅛	-⅛	6.27
IRELAND 9 1/2 00	250	109⅛	-⅛	7.93
ITALY 8 1/2 94	1500	106⅛	-⅛	5.86
ITALY 9 1/8 96	150	107⅞	-⅛	6.85
ITALY 9 5/8 99	2000	111⅛	-⅛	7.52
JAPAN DEV BK 8 94	150	104⅝	-⅛	5.79
JAPAN DEV BK 9 1/2 97	150	110⅛	-⅛	7.12
JAPAN DEV BK 10 96	200	111½	-⅛	6.81
JAPAN FIN CORP 9 7/8 96	150	111⅛	-⅛	6.63
JAPAN HIGHWAY 8 5/8 01	300	105½	-1	7.77
JAPAN HIGHWAY 9 5/8 96	180	110⅛	-⅛	6.60
KANSAI ELEC PWR 10 96	350	110⅝		6.97
KANSAI INTL AIRPORT 9 96	150	108	+⅛	6.96
KANSALLIS-OSAKE 8 1/2 95	200	103	-⅛	7.43
KFW INTL FINANCE 9 94	300	107⅛	-⅛	5.98
KOBE 8 7/8 99	150	106⅛	-⅛	7.65
LIBERTY MUTUAL 8 1/2 96	150	102⅝	-⅛	7.83
LINCOLN NATIONAL 9 3/4 95	100	105⅝	+⅛	7.93
L&B BADEN-WUERTT 7 3/4 94	200	103⅝	-⅛	6.04
LTCB FIN 8 97	200	101⅞		7.53
MANITOBA 7 1/2 96	150	101⅛		7.14
MARKS & SPENCER 8 1/4 96	150	104⅛		6.95
METLIFE FUNDING 7 3/4 96	150	100⅜		7.54
MITSUBISHI ESTATE 8 5/8 01	200	102⅝	-⅛	8.21
MITSUI TST FIN HK 7 3/4 94	200	102⅞		6.28
MOBIL AUSTRALIA 8 94	200	104½	-⅛	5.98
MONY FUNDING 8 1/4 96	150	85¼		12.36
NEW ZEALAND 9 94	850	106⅝	-⅛	6.14
NEW ZEALAND 10 1/4 95	200	103⅛		9.04
NEWFOUNDLAND 11 3/8 95	75	111⅛	-⅛	7.16
NIPPON CRED BK 10 3/8 95	150	110⅛	-⅛	6.95
NIPPON TEL & TEL 9 3/8 95	200	108⅛	-⅛	6.36
NOMURA INTL 9 3/8 95	150	106⅛	-⅛	6.92
NORDIC INV BANK 0 94	150	85⅛		6.02
NORINCHUKIN BANK 8 5/8 97	200	105⅛	+½	7.23
NORWAY 7 96	1000	100⅞	-⅛	6.77
ONTARIO 8 1/2 01	600	103½	-⅛	7.94
ONTARIO HYDRO 11 5/8 94	200	110⅝	-⅛	5.94
OSLO 7 7/8 97	150	102⅛		7.35
OSAKA PREFECTURE 8 1/2 94	140	106	-⅛	5.92
OSTER KONTROLLBANK 8 1/2 01	200	105	-⅛	7.71
OSTER KONTROLLBANK 9 95	200	108⅛	-⅛	6.34
OSTER POSTSPARK 10 1/2 94	150	109	-⅛	6.05
PANASONIC FIN 9 3/8 94	300	106⅞	-⅛	5.85
PETRO-CANADA 7 1/4 96	200	101½		6.82
PETROBRAS 10 96	200	94⅛	+⅛	11.93
PHILIP MORRIS 9 7/8 98	200	105½	-⅛	8.66
PROCTER & GAMBLE 10 95	150	102⅝	-⅛	9.05
PRUDENTIAL FIN 8 1/4 01	300	99½	-⅛	8.32
PRUDENTIAL RLTY SECS 0 99	365.216	57⅝	-⅛	8.22
QANTAS AIRWAYS 9 5/8 96	97.75	105¼	-⅛	7.12
QUEBEC HYDRO 9 01	300	105	-⅛	8.19
QUEBEC HYDRO 9 3/4 98	150	109¼	-⅛	7.81
QUEBEC PROV 9 98	200	106⅛	-⅛	7.71
QUEENSLAND GOVT 10 1/4 95	100	110¼	-⅛	6.88
RALSTON PURINA 11 3/4 95	150	111⅛	-⅛	7.57
REED PUBLISHING 9 5/8 97	150	108⅛	-⅛	7.70
SAINSBURY 9 1/8 96	150	106⅛	-⅛	7.35
SAS 10 99	200	106⅛		8.80
SAS 10 1/8 95	150	108	-⅛	7.63
SBAB 9 1/2 95	500	108⅞	-⅛	6.45
SBC FINANCE 7 3/4 96	200	103⅝		6.80
SEAGRAM CO 8 1/2 96	100	102⅛		7.70
SEARS EURO TRUST 8 3/4 96	750	103⅛	-⅛	7.80
SEARS O/S FIN 0 98	500	57⅛	-⅛	8.86
SEARS ROEBUCK EURO 9 3/4 95	500	105⅛	-⅛	7.78
SNCF 7 1/4 94	175	103⅛	-⅛	5.50
SNCF 9 1/2 98	150	110⅛	-⅛	7.46
STATE BK NSW 8 1/2 96	200	104⅛	-⅛	7.29
STATOIL 7 5/8 94	200	102⅞	-⅛	6.35
SWEDEN 8 1/8 94	150	104⅛	-⅛	5.96
SWEDEN 9 1/4 98	350	109⅛	-⅛	7.28
SWEDISH EXPORT 8 3/8 96	700	105⅛	-⅛	9.14
TAIYO KOBE 7 3/4 94	100	103	-⅛	6.12
TOKAI ASIA 11 1/2 95	100	112⅛	-⅛	7.06
TOKYO ELEC POWER 8 3/4 96	300	106⅛	-⅛	6.99
TOKYO METROPOLIS 8 1/4 96	200	105⅛		6.85
TOKYO METROPOLIS 9 1/4 94	200	107⅛	-⅛	5.82
TOYOTA MOTOR CRED 8 1/2 94	200	105½	-⅛	6.09
UBS FIN 9 1/8 02	225	107⅛	-1	8.03
UNILEVER CAP CORP 9 1/4 00	400	109	-⅛	7.72
UNION BK FINLAND 8 94	200	102⅛	-⅛	6.89
VENEZUELA 9 3/4 96	150	101⅛	+1⅛	9.24
VICTORIAN PUB AUTH 8 3/8 96	100	103⅛	-⅛	7.53
WARNER-LAMBERT 8 1/8 96	100	102⅝	-⅛	7.44
WORLD BANK 8 1/8 01	1500	104⅛	-⅛	7.53
WORLD BANK 8 3/8 99	1500	106⅛	-⅛	7.41
WORLD BANK 8 3/4 97	1500	108⅝	-⅛	6.84
XEROX CORPN 8 3/8 96	100	102½		7.70
YOKOHAMA 8 01	200	101⅞	-⅛	7.71

FLOATING RATE NOTES	Issued	Bid price	Chg on week	C.cpn
ALASKA HOUSING 1/10 01	125	99.03	+.01	4.4125
ALLIANCE & LEICS 0.08 94 £	300	99.50	+.03	10.6425
ALLIANCE & LEICS 0.1 95 £	150	99.95	+.01	10.4750
AMERICAN EXPRESS BK 1/8 99	200	93.06	+.07	4.2500
ANGLIA 1/8 98 £	100	99.81	+.04	10.8125
ANZ BANKING 0.15 PERP	300	73.37	-.33	5.3875
AUSTRIA -0.15 05 DM	700	98.72		8.9125
BANCO ROMA 0.03 01	200	91.84		4.4050
BANK OF GREECE 1/4 99	250	96.84	-.01	6.0625
BANK OF MONTREAL 1/20 98	250	96.42	-.02	6.4875
BANKERS TRUST 1/16 00	300	95.26	+.17	5.0000
BANKERS TST INTL CAP 1/8 96	200	98.25	+.04	5.2500
BARCLAYS O/S INV 1/8 04	350	96.82	+.25	5.9375
BBL INTL 0.05 01	200	93.05	+.17	4.5500
BCI 0.15 98	300	94.07	+.06	4.7750
BELGIUM 94	200	100.30	-.01	5.3750
BELGIUM 96	400	100.07	-.01	6.1875
BELGIUM 00 ECU	250	99.95	+.01	9.9375
BELGIUM 1/16 97 DM	500	99.96		9.5000
BFCE -0.02 96	350	100.25	+.01	4.9175
BILBAO INTL 0.035 01	150	98.33	-.11	6.1600
BIRMINGHAM MID 1/8 98 £	150	99.67	+.02	11.2500
BNP 1/4 95	400	101.99	+.02	6.3125
BNP 05	300	96.34	+.03	5.5625
BRADFORD BINGLEY 1/8 98 £	100	99.00	-.01	10.8750
BRISTOL & WEST 1/16 94 £	150	99.37	+.02	10.4688
BRITANNIA 1/10 96 £	150	99.08	+.03	10.6625
CCCE 06 ECU	200	99.92		10.1563
CCF 97	250	98.44	+.06	5.2500
CENTRAL INTL 1/10 00	150	98.84		5.2500
CHASE MANHATTAN 1/8 09	400	78.81	+.05	5.2500
CHASE MANHATTAN 1/16 00	250	88.13	+.09	5.1875
CHELT & GLOUC BS 1/16 94 £	125	99.62	+.02	10.7500
CITIZENS FED 0.15 96	100	99.43	+.01	5.9625
COMM BK AUSTRALIA 0.15 PERP	300	98.50	-.03	4.1500
CREDIOP 97 ITL	200000	102.63	+.25	11.4500
CREDIT DU NORD 1/16 97	100	98.73	+.07	5.5625
CREDIT FONCIER -1/16 98	200	100.25	-.02	5.3438
CREDIT LYONNAIS 1/8 99	250	97.34		5.2500
DENMARK -1/8 96	1000	99.73	+.01	5.6875
DRESDNER FINANCE 1/32 98 DM	1000	99.96	+.01	9.5156
E/B -1/4 01 ECU	400	101.98	-1	10.0000
ELEC DE FRANCE 1/8 99	400	101.65	+.01	6.0625
EUROFIMA 96 ITL	125000	99.15		11.1875
FERRO DEL STAT 94	200	100.61	-.05	5.9375
FERRO DEL STAT 97	420	100.21	+.01	4.4375
FLEET FINANCIAL 1/10 98	100	92.81	+.41	4.6625
GRACECHURCH MORT 0.2 19 £	175	98.51	-.02	15.2000
HALIFAX 1/10 94 £	200	99.92	-.01	10.5375
HALIFAX 2/25 96 B £	150	99.26	+.01	10.2675
HESSISCHE LANDESBK 96	100	99.01	-.01	5.6875
HK SHANGHAI (1) 1/4 PERP	400	68.75	-.08	6.1250
ICELAND 1/8 00	125	99.36	-.01	5.2500
INVESTORS IND 1/8 94 £	125	99.40		10.8125
IRELAND 5 00	300	99.50	+.01	5.0000
IRELAND 98	300	99.57	+.02	4.4600
ITALY 00	500	100.83	+.01	4.5000
ITALY 05 B ECU	1000	100.24	-.01	9.8438
KB IFIMA 0.15 11	150	84.96	+.01	5.5250
LEEDS PERMANENT 1/8 96 £	200	99.34	+.03	11.0000
LLOYDS BANK 1/10 PERP S 3	600	79.67		6.0375
LUFTHANSA INT FIN 00 DM	1200	97.73	+.02	8.7813
MALAYSIA 1/16 05	650	95.77		5.6250
MELLON BANK 1/8 96	250	96.69	+.36	5.2500
MIDLAND INTL FIN 1/8 99	200	91.26	+.06	5.8125
MITSUI FIN ASIA 1/8 96	100	100.00	+.03	5.9375
MORGAN (JP) 1/4 97	250	99.56	+.06	5.2500
NAT BK CANADA 1/16 96	200	98.82	+.03	4.0625
NAT WEST FIN 3/16 05	400	92.54	+.04	5.5000
NAT WEST 1/4 PERP C	500	80.50		5.1250
NATIONWIDE 0.08 96 £	300	98.80	+.03	11.0175
NATL PROVINCIAL 1/8 96 £	200	99.24	+.01	11.1250
NEW ZEALAND 1/8 96	250	100.31		4.8130
NORTHERN ROCK 1/8 95 £	100	99.83	+.02	10.8125
OSTER KONTROLLBK -0.15 95 DM	300	99.55	+.02	8.9750
PNC FIN 1/16 97	100	96.26	+.08	5.2500
QUEBEC HYDRO 02	200	95.14	-.01	5.0000
QUEBEC PROV 01	300	96.39	-.01	5.3125
REGIE OLYMPIQUES 94	250	99.87	+.01	5.0000
RENFE 98	500	100.08		5.0000
SECURITY PACIFIC 1/16 97	250	99.39	+.09	5.5000
SKANDINAVISKA ENSK 95 DM	400	99.01		9.3125
SOCIETE GENERALE 1/8 94	200	99.28	+.03	5.2500
SOCIETE GENERALE 96	300	99.79	+.04	5.6250
STAATSBK BERLIN 0.05 94 DM	4000	100.14		8.8000
STATE BK NSW 3/16 98	250	99.72		6.1250
STATE BK VICTORIA 0.05 99	125	98.54	+.01	4.3625
TAIYO KOBE 1/8 04	100	100.21		5.2500
TAKUGIN 1/8 94	100	100.14		5.8125
TOWN & COUNTRY 0.1 94 £	100	99.35	+.04	10.4750
UNION BK FINLAND 00 DM	300	98.07	-.06	9.3125
UNITED KINGDOM -1/8 96	4000	100.04	-.01	4.2500
WELLS FARGO 1/8 97	250	92.00	+.25	5.2500
WOODSIDE FIN (JULY) 97	300	99.64	+.01	5.5000
WOOLWICH EQUITABLE 1/16 95 £	150	99.95	-.01	10.6250
YORKSHIRE BS 1/10 94 £	165	99.59	+.05	10.5063

CONVERTIBLE BONDS	Issued	Bid price	Chg on week	Prem
BURTON GROUP 4 3/4 01 £	110	127	+⅛	
CHUBB CAPITAL 6 98	250	106⅛	-⅛	+27.28
DAI-ICHI KANGYO 3 7/8 04	300	90	+3	+25.30
EASTMAN KODAK 6 3/8 01	300	105⅝	+⅛	+9.20
GOLD KALGOORLIE 7 1/2 00	65	84⅛	+2⅛	+38.05
HANSON 9 1/2 06 £	500	100⅝	+⅛	+22.22
HAWLEY 6 02 PREF	400	84⅞	-⅛	
HILLSDOWN 4 1/2 02 £	150	116⅛		
LAND SECS 6 3/4 02 £	84	84⅛	+⅛	+21.49
LASMO 7 3/4 05 £	90	75⅛	+⅛	+69.54
MITSUI BANK 2 5/8 03	200	81⅞	-1⅛	+16.49
MOUNT ISA FIN 6 1/2 97	100	94⅝	-1⅛	+18.89
OGDEN 6 02	85	83½	+⅛	+59.17
PIONEER CONCRETE 9 1/2 98 A$	175	98⅝		+15.55
ROCKEFELLER CENTER 0 00	952.25	33⅝	-⅛	-55.42
SMITH & NEPHEW 4 02 £	90	119⅞	+½	+44.11
SUMITOMO BANK 3 1/8 04	300	66½		+22.47
TEXAS INSTRUMENTS 2 3/4 02	300	89½	-⅛	
THORN EMI 5 3/4 04 £	103	120⅛	-⅛	+10.76
UTD BISCUITS 5 3/4 03 PREF £	110	125⅝	-2⅛	-4.46

DEUTSCHE MARK STRAIGHTS	Issued	Bid price	Chg on week	Yield
AMRO BANK 5 3/4 94	200	93⅛	+⅛	9.01
BAPROVEN 11 1/8 95	200	100⅛	+⅛	10.83
BULGARIAN TRADE BK 8 1/2 96	200	83⅛	-⅛	13.70
CZECH OBCHODNI BANKA 10 95	350	97	+⅛	11.03
DAI-ICHI KANGYO 5 1/2 94	300	93⅛	+⅛	9.05
DEUTSCHE FINANCE 7 1/2 95	1000	99⅞	+⅛	7.74
EIB 5 3/4 98	400	91	+⅛	7.62
EIB 6 7/8 95	300	96⅞	-⅛	7.84
EUROFIMA 6 1/4 98	400	91⅞	+⅛	7.88
FIRST INTERSTATE 5 3/4 96	100	86⅛	+⅛	9.78
IND BK JAPAN FIN 5 5/8 96	200	91⅛	+⅛	8.13
IND DEV BK INDIA 6 3/8 94	200	89½	+⅛	10.76
LUFTHANSA INT FIN 5 7/8 98	500	89½	+⅛	8.02
NACIONAL FINANCIERA 11 95	150	100⅞		10.63
QUEBEC HYDRO 6 3/4 99	300	92⅝	-⅛	8.19
SWEDEN 6 1/8 98	300	91⅛	+⅛	7.92
WORLD BANK 0 15	2000	20⅞	-⅛	6.77
WORLD BANK 5 3/4 96	300	92⅝	-⅛	7.90
WORLD BANK 7 1/8 95	500	98⅛		7.80

SWISS FRANC STRAIGHTS	Issued	Bid price	Chg on week	Yield
ASIAN DEV BANK 6 10	100	93⅛	+2⅛	6.61
AUSTRIA 4 5/8 98	100	90	+½	6.49
CHUBU ELEC POWER 6 3/4 01	300	99⅞	+½	6.78
COUNCIL EUROPE 4 3/4 98	250	89⅛		6.93
EEC 5 1/2 00	100	91	-½	6.89
EIB 6 1/2 98	600	100⅛	+⅛	6.44
ELEC DE FRANCE 7 1/4 06	100	103⅞	-⅛	6.88
FINLAND 5 3/8 95	150	95		6.92
GENERAL MOTORS 7 1/2 95	100	99⅞	+1⅛	7.58
JAPAN DEV BK 5 1/2 94	100	98		6.57
KOBE 6 3/8 01	240	97½	+⅛	6.73
NEW ZEALAND 4 7/8 99	200	87	-⅛	7.30
QUEBEC HYDRO 5 08	100	77	+1	7.50
WORLD BANK 5 03	150	85⅛		6.85
WORLD BANK 7 01	600	103	+⅛	6.55

YEN STRAIGHTS	Issued	Bid price	Chg on week	Yield
AUSTRIA 4 3/4 94	30000	99⅞	+⅛	5.09
BELGIUM 4 5/8 94	45000	98⅞	+⅛	5.19
CNT 5 1/8 94	20000	99⅞	+⅛	5.25
COUNCIL EUROPE 7 94	25000	104	+⅛	5.13
CREDIT FONCIER 5 1/4 94	20000	99⅞	+⅛	5.48
CREDIT LOCAL 7 96	30000	105⅛	+⅛	5.61
DENMARK 7 95	40000	105	+⅛	5.37
EIB 4 5/8 94	40000	99⅛	+⅛	4.91
EIB 6 3/4 01	50000	108⅝	+⅛	5.53
ELEC DE FRANCE 5 5/8 96	20000	100½	+⅛	5.50
EUROFIMA 6 7/8 94	30000	103⅛	+⅛	5.26
FINLAND 6 3/4 96	50000	104	+⅛	5.64
INTER AMER DEV 7 1/4 00	30000	110⅛	+⅛	5.63
JAPAN DEV BK 6 1/2 01	120000	107⅞	+⅛	5.44
KANSAI ELEC PWR 4 5/8 94	60000	98½	+⅛	5.33
KFW INTL FIN 6 1/4 94	25000	102½	+⅛	5.30
NIPPON TEL & TEL 5 7/8 96	50000	102	+⅛	5.37
NORDIC INV BANK 4 7/8 94	30000	99½	+⅛	5.15
NORWAY 5 1/8 95	50000	99⅞	+⅛	5.21
ONTARIO 6 1/4 96	50000	101⅞	-⅛	5.88
OSTER KONTROLLBANK 7 94	25000	103½	+⅛	5.18
SNCF 6 3/4 00	30000	107⅞	+⅛	5.55
SWEDEN 5 5/8 95	20000	100½	+⅛	5.46
WORLD BANK 6 3/4 00	50000	108⅛	+⅛	5.48
WORLD BANK 7 1/4 95	45000	106⅛	+⅛	5.15

LUXFR STRAIGHTS	Issued	Bid price	Chg on week	Yield
BAYERISCHE VEREINS INT 7 94	600	94		9.79
COPENHAGEN TEL 8 5/8 96	600	98½	+⅛	9.21
SKANDINAVISKA ENSK 9 3/8 97	1000	100⅛	+⅛	9.32
WORLD BANK 8 96	1000	96½		9.01

GUILDER STRAIGHTS	Issued	Bid price	Chg on week	Yield
EIB 5 3/4 94	200	94⅞	+⅛	8.31
UNILEVER 9 00	500	104⅝	-⅛	8.20

CANADIAN DOLLAR STRAIGHTS	Issued	Bid price	Chg on week	Yield
ALBERTA PROVINCE 10 5/8 96	500	106⅛	-⅛	8.72
BELL CANADA 10 5/8 99	150	106⅛	-⅛	9.33
BRITISH COLUMBIA 10 96	500	104⅛	-⅛	8.76
EIB 10 1/8 98	130	105⅛	-⅛	8.86
ELEC DE FRANCE 9 3/4 99	275	104⅝	-⅛	8.98
FORD CREDIT CANADA 10 94	100	101⅝	-⅛	9.20
GEN ELEC CAPITAL 10 96	300	104	-½	8.83
KFW INT FIN 10 01	400	105⅛	-⅛	9.14
NIPPON TEL & TEL 10 1/4 94	200	106⅛	-⅛	9.08
ONTARIO HYDRO 10 7/8 99	500	108	-⅛	9.29
OSTER KONTROLLBANK 10 1/4 99	150	106⅝	-⅛	8.98
QUEBEC PROV 10 1/2 98	200	106	-⅛	9.27

ECU STRAIGHTS	Issued	Bid price	Chg on week	Yield
ALL NIPPON AIRWAYS 9 95	130	96⅛		10.13
BELGIUM 9 1/8 96	1250	101⅞	+⅛	8.56
BFCE 9 99	100	99⅞	-⅛	9.03
BRITISH TELECOM FIN 8 1/2 94	150	97⅛	+⅛	9.70
CNA 7 3/8 95	120	93⅛	-⅛	9.76
CNA 8 3/4 99	150	99⅞	-⅛	8.78
COUNCIL EUROPE 9 01	500	102⅛	-⅛	8.57
CREDIT FONCIER 7 5/8 94	430	97⅛	+⅛	8.75
CREDIT LOCAL 9 95	100	99	+⅛	9.31
CREDIT LYONNAIS 9 96	125	98⅛	-⅛	9.42
CREDITANSTALT 8 7/8 94	67.5	98⅛	-⅛	9.48
DENMARK 7 5/8 96	250	93⅝	-⅛	9.58
DEUTSCHE BK FIN 8 5/8 94	200	97⅝	+⅛	9.62
EBRD 8 7/8 96	500	101	+⅛	8.58
ECSC 8 97	141	96⅛	+⅛	8.93
EEC 7 5/8 94	200	97⅞	+⅛	8.77
EIB 10 97	1125	106⅛	+⅛	8.43
ELEC DE FRANCE 8 5/8 99	200	97⅛	+⅛	9.15
EURATOM 7 3/8 96	100	91⅝	+⅛	9.74
EUROFIMA 7 5/8 95	169	95⅛		9.45
EX-IM BANK JAPAN 10 5/8 95	200	105½	+⅛	8.98
FED BSNS DEV BK 9 94	100	98⅞	+⅛	9.60
FERRO DEL STAT 10 1/8 98	500	106⅛	+⅛	8.65
FINLAND 10 1/4 95	250	104⅛	+⅛	8.85
ITALY 10 3/4 00	1000	112⅛	+⅛	8.58
JAPAN DEV BK 8 5/8 97	200	100⅞	+⅛	8.47
JAPAN HIGHWAY 9 1/8 96	150	100⅛	+⅛	9.06
NEW ZEALAND 10 5/8 97	300	106⅞	+⅛	8.96
NORDIC INV BANK 9 7/8 96	300	103⅝	+⅛	8.84
OSTER KONTROLLBANK 8 5/8 94	100	97⅞	+⅛	9.55
SNCF 9 99	175	101⅞		8.63
SPAIN 10 3/4 95	500	105⅞	+⅛	8.70
SWEDISH EXPORT 9 3/4 94	300	102⅞	+⅛	8.73
UNITED KINGDOM 9 1/8 01	2750	104⅞	+⅛	8.39
WORLD BANK 7 1/2 94	150	95⅛	+⅛	9.51

AUSTRALIAN DOLLAR STRAIGHTS	Issued	Bid price	Chg on week	Yield
BP AMERICA 12 1/4 96	100	106⅛	-1⅛	10.22
COMM BK AUSTRALIA 13 3/4 99	100	115⅛	-1⅛	10.61
EKSPORTFINANS 12 3/8 95	75	110⅛	-1	8.68
EUROFIMA 14 5/8 94	75	110½	-1⅛	9.26
MCDONALDS CANADA 15 95	100	113⅞	-1⅛	10.21
NAT AUSTRALIA BANK 14 3/4 94	150	109⅝	-1⅛	9.57
STATE BK NSW 14 1/4 99	100	116⅛	-⅛	10.98
UNILEVER AUSTRALIA 12 98	150	107⅛	-1⅛	10.28
VOLKSWAGEN INTL 15 94	100	109⅞	-1⅛	9.81

STERLING STRAIGHTS	Issued	Bid price	Chg on week	Yield
ABBEY NATL TREAS 13 3/8 95	100	107½	+⅛	[illegible]
ALLIANCE & LEICS 11 3/8 97	100	102⅞	+⅛	10.76
ASFINAG 12 96	100	106	+⅛	10.12
ASIAN DEV BANK 9 1/2 97	50	98	+⅛	9.97
BRITISH GAS 12 3/4 95	300	106⅛	+⅛	10.25
BRITISH LAND 12 1/2 16	150	102⅛	-⅛	12.18
CNT 10 97	70	100⅛	-⅛	9.89
DAIMLER-BENZ UK 10 3/4 96	100	101⅛	+⅛	10.19
DEUTSCHE BK FIN 11 94	225	101⅛	+⅛	9.98
EIB 10 97	536.5	100½	+⅛	9.82
FINLAND 10 1/8 97	100	100⅛	+⅛	9.98
ITALY 10 1/2 14	400	101⅛	-⅛	10.34
LAND SECS 9 1/2 07	200	87⅞	-⅛	11.18
NATIONWIDE ANGLIA 13 1/2 00	125	110⅞	+⅛	11.48
NORWAY 10 1/2 94	200	101	+⅛	9.97
ONTARIO 11 1/8 01	100	104½		10.40
SEVERN TRENT 11 1/2 99	150	105⅛	+⅛	10.74
SKANDINAVISKA ENSK 13 1/8 95	100	105⅞	+⅛	10.77
TOKYO ELEC POWER 11 01	150	104⅛	+⅛	10.17
WORLD BANK 11 1/4 95	100	103⅛	+⅛	10.05

NEW ZEALAND DOLLAR STRAIGHTS	Issued	Bid price	Chg on week	Yield
ABBEY NATIONAL 0 96	100	68⅛		9.97
BNP 12 96	50	107	-⅛	9.38

FRENCH FRANC STRAIGHTS	Issued	Bid price	Chg on week	Yield
CEPME 10 95	2000	103		8.98
ELF-AQUITAINE 9 99	600	101⅛	+⅛	8.73
EURATOM 7 5/8 98	500	94	+1⅛	8.80

EQUITY WARRANTS	Expiry Date	Bid price	Chg on week	Prem
ASAHI GLASS	25/06/96	15½	-⅛	[illegible]
CANON	23/05/95	14⅞	+½	[illegible]
HANKYU DEPT STORES	24/05/95	10⅛	+⅛	[illegible]
HINO MOTORS	14/03/96	2	-⅛	[illegible]
KOBE STEEL	06/07/94			[illegible]
MITSUBISHI EST	12/06/96	4⅛		[illegible]
MITSUI TOATSU CHEM	11/03/94	1⅛	-⅛	
MORINAGA	30/01/96	1⅛	-⅛	
NICHIEI CORP	13/06/95	14⅛	-⅛	[illegible]
NIPPON COMSYS	11/06/96	14⅛	+⅛	[illegible]
NISSHIN STEEL	31/01/95	11⅛	-⅛	[illegible]
ROYAL HOTEL	18/04/96	1⅛	+⅛	[illegible]
SMC	14/03/95	⅛	-⅛	[illegible]
TAKASHIMAYA	25/07/95	3⅛	+⅛	
TOYO SASH	02/07/96	16⅛	-⅛	13.42
YAMANOUCHI PHARM	05/08/97	3⅛	-⅛	
	01/03/94	1⅛		14.51

STRAIGHT BONDS: Yield to redemption of the bid-price. Amount issued is expressed in millions of currency units.
FLOATING RATE NOTES: US dollars unless indicated. Margin above six-month offered rate for US dollars. C cpn = current coupon.
CONVERTIBLE BONDS: US Dollars unless indicated. Prem = percentage premium of the current effective price of buying shares via the bond over the most recent share price.
WARRANTS: Equity warrant prem = exercise premium over current share price. Bond warrant ex yld = exercise yield at current warrant price.

Closing prices on January 24

SYNDICATED LOANS

Borrowing costs set to rise at Rosehaugh

THE RESTRUCTURING of loans to Rosehaugh, the heavily-indebted UK property company, and its property joint ventures, looks likely to result in higher borrowing costs for these companies.

The restructuring of all of Rosehaugh's debts is due to be completed within a few weeks. As a result, Rosehaugh is expected to have to pay higher margins on its loans, and to have the maturity of these loans extended. Bankers may insist on improving the security on those loans currently unsecured or partly secured.

Rosehaugh and Stanhope, joint owners of the Broadgate office complex in the City of London, called a halt to their merger talks last week after several months of discussions.

According to data supplied by Euromoney, Rosehaugh and its associated companies have the following debts:

- A four-year £350m term loan for Rosehaugh Stanhope Developments (phase 8) and Rosehaugh Stanhope Developments (phase 11) which matures in 1992 and has a margin of 100 basis points over the London interbank offered rate (Libor).
- A three-and-a-half year £36m term loan for Rosehaugh SC, a 50-50 joint venture between Rosehaugh and Shimizu Corp. The loan matures in 1992. The funds are secured on the property with the margin set according to whether the property is pre-let or pre-sold.
- A five-year £100m multiple facility revolving credit for Rosehaugh which matures in 1993 and has a margin of 15 basis points over Libor.
- A four-year £65m term loan for Rosehaugh Stanhope (Broadgate phase 14) maturing in 1993. This carries a margin of 125 basis points over Libor during development, 75 during the let stage and 50 during the pre-sold stage with the funds secured.
- A four-year £280m term loan maturing 1994 for Rosehaugh Stanhope Developments (Holborn Viaduct) with a margin of 125 basis points falling to 100 basis points over Libor if the property is let.

In addition, Rosehaugh and its joint venture companies have some bilateral loans.

Rosehaugh warned its bankers in November 1991 that it was in danger of breaching the net worth covenants on its loans, due to the fall in property prices and the decline in its net asset value. Since then, Barclays and NatWest, joint co-ordinators for the various loans, have held discussions with the 27 banks involved on how to restructure all the company's facilities.

So far it looks as though the pricing will have to be increased given that when the loans were originally launched, pricing was considerably lower than at present. The maturity of the loans may be extended, since at present the loans fall due in 1992, 1993 and 1994.

- Citibank has arranged a £250m five-year revolving credit facility for Laura Ashley with a core group of seven relationship banks.

This replaces an existing three-year £60m facility signed in November 1990. Laura Ashley wanted to replace it with longer-term funding. The margin is linked to the company's financial performance. It ranges from 75 basis points over Libor to 125 depending on the interest cover ratio.

Sara Webb

EUROMARKET TURNOVER ($m)

	Primary Market US $	Primary Market Non-$	Secondary Market US $	Secondary Market Non-$
Fixed income bonds				
Euros straight	2,721.3	1,383.1	26,073.7	58,249.4
Other straight	9.0	838.1	794.1	122,130.5
Convertible	0.0	0.0	1,219.4	1,633.1
Money market instr				
FRN	100.0	16.2	5,724.6	6,030.8
CD's	193.4	167.5	948.2	465.1
Short & MT Notes	16,848.3	4,534.4	7,811.7	13,637.0
Warrants	0.0	0.0	831.4	324.4
Equities	24.7	0.0	393.7	1,442.5
Total	19,896.7	6,939.3	43,796.6	202,912.8

	Cedel	Euroclear	Total
US$	21,353.2	42,340.3	63,693.5
Other	66,546.8	143,305.3	209,852.1

Week to January 23, 1992
The Warrants and Equities figures are from Euroclear only

Source ISMA

INTERNATIONAL BONDS

Roaring start may herald record year in D-Mark sector

THE D-Mark Eurobond market could be set for a record year of new issue volume, judging by the surge of activity in the first few weeks of the year.

New issues totalling nearly DM7bn have emerged so far this year, already about 20 per cent of last year's total.

The sector stands to benefit from bullish sentiment on German interest rates and the D-Mark. With last year's poor performance poised for reversal, there has already been a substantial shift of assets, largely US, into the German bond market.

*Demand for D-Mark Euro*bonds seems unusually broad-based, covering retail and institutional investors in the domestic market and overseas. The average new issue size has risen from DM160m to DM280m, which could boost liquidity, and surging demand has attracted a more international range of issuers, including Norway and Belgium.

Borrowers have also been enticed by arbitrage opportunities enabling them to swap new issue proceeds into floating rate funds at attractive rates. However, swap rates shifted abruptly last week, due to a lack of counterparties willing to pay fixed-rate D-Marks. As D-Mark rates are widely expected to fall, few banks will at present commit themselves to paying fixed-rate interest in D-Marks – at least not at a rate attractive to borrowers.

The market faces other potential handicaps. Although yields are expected to fall, it will be difficult for Eurobond yields to maintain their tight spreads relative to bunds. Some Eurobond yields are lower than bund yields, reflecting the participation of retail investors who often prefer bearer bonds to registered paper, for tax reasons. Nevertheless, dealers say this anomaly cannot persist in a widely-traded market.

Illogical trading levels reflect a more serious problem: the market's well-known illiquidity, which could yet scotch the expansion of the market, despite favourable portents.

German institutions, as well as retail investors, are less concerned about liquidity than many of their counterparts overseas. "A lot of German institutions, like insurance companies, are still lock-up buyers," one trader said.

The market is still largely domestic in character, and overseas institutions in many cases prefer to buy bunds, particularly when D-Mark Eurobonds offer little pick-up.

Also, the structure of the primary market is old-fashioned – for example, the fee structure is not competitive with other Eurobond sectors.

However, there are some favourable points.

Bund market volume no longer seems a serious threat, given the bull market. Last year, the market was beset by fears that borrowing requirements would rocket because of the need to fund the development of eastern Germany. But bund issuance fell well below initial expectations.

The government's handling of its borrowing has also reassured investors. "The panic selling of bunds [by the government] of two years ago is over," said one trader. If the market can absorb government debt, part of any residual appetite for paper will generate demand for Eurobonds.

Secondly, following the recent securities reforms, Frankfurt's desire to liberalise is seen as hopeful. The way could soon be open for development of a medium-term note market, which would broaden Germany's debt markets.

Meanwhile, Frankfurt's growing importance as a financial sector is prompting international banks, US investment banks in particular, to build up their presence there. As this shift coincides with a bull market in German bonds, these banks are likely to renew their efforts in a sector long dominated by German banks.

Tracy Corrigan

D-Mark Eurobond issue volume

Source : Euromoney Bondware

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book runner	Offer yield %
US DOLLARS							
Mitsui Eng.& Shipbldg.(l)♦†	380	1996	4	3⅛	100	Nomura Int.	3.125
Sega Enterprises(q)§†	200	1996	4.167	3½	100	Nomura Int.	3.500
Asfinag†	200	2002	10	7⅜	99.38	Merrill Lynch	7.464
Okura & Co.♦	100	1996	4	3⅛	100	Daiwa Europe	3.125
C.Itoh Fuel Co.♦	100	1996	4	3⅛	100	Nikko Europe	3.125
Dowa Mining Co.♦	80	1996	4	3⅛	100	Nikko Europe	3.125
Samsung Electronics★★†	30	1997	5	7⅜	101.70	Bayerische LB	6.967
Barivent†	200	1997	5	9	100.445	Bankers Trust Int.	8.888
Tubos d'Acero d'Mexico(j)†	50	1995	3	9¾	99.54	Bankers Trust Int.	9.931
Gen.Elec.Cap.Corp†	200	1996	4	6¼	101.325	Kidder Peabody Int.	5.873
British Gas Int.Fin.BV†	200	1997	5	6¾	101.355	Goldman Sachs	6.429
STERLING							
South West Water†	150	2012	20	10⅝	101.429	SG Warburg Secs.	10.453
EIB(k)†	100	1997	5	10	100.505	Samuel Montagu	9.870
ECUs							
Republic of South Africa†	250	1997	5	10⅜	100	Paribas Capital Mkts.	10.375
European Economic Comm.†	190	1999	7	8⅜	101½	SG Warburg Secs.	8.090
Council of Europe(o)†	65	1994	2	9⅜	101.775	Bankers Trust Int.	8.357
FRENCH FRANCS							
Peugeot Finance Int.(d)♦†	500	1998	4.167	zero	100	BNP	-
Credit Foncier de France†	3bn	2002	10	8⅝	98.996	BNP Capital Mkts.	8.778
Promodes(r)♦†	300	1996	4	zero	100	Credit Lyonnais	-
AUSTRALIAN DOLLARS							
Swedish Exp.Cr.(b)†	300	1995	3	8½	100.26	Hambros/N.Aust.Bk	8.400
D-MARKS							
Deutsche Bk Fin.N'lands(c)†	200	2002	10	8	102½	Deutsche Bank	7.636
Marudai Food Co.(p)♦†	150	1996	4	4¾	100	Deutsche Bank	4.750
Kingdom of Belgium†	500	2002	10	7¾	101¾	Commerzbank	7.498
Bayerische LB Int.(Lux.)†	500	1997	5	8⅛	100	Bayerische LB	8.125
Fiat Finance & Trade(e)†	100	1997	5	8¾	103	Deutsche Bank	8.010
Province of Quebec†	500	2002	10	8	101¼	Commerzbank	7.818
Republic of Iceland†	175	2002	10	8½	102	WestLB	8.203
Province of Saskatchewan†	300	1999	7	8¼	101.85	CSFB Effectenbank	7.901
Teollisuuden Voima Oy†	100	1999	7	8⅜	102¼	Dresdner Bank	7.950
Europaeische Hypo'bk.†	100	1999	7	8	101¼	Frankfurter Hypo'bk.	7.765
SWISS FRANCS							
Nihon Kohden(a)★★♦†	40	1996	-	4⅜	100	Yamaichi Bk (Switz)	4.375
Inter-Amer.Devt.Bank†	150	2000	-	7	102⅜	Swiss Volksbank	6.613
Goldwin Inc.(f)★★♦	100	1996	-	4¼	100	Yamaichi Bk (Switz)	4.250
Catena Corp(g)★★§	80	1996	-	4⅝	100	Nomura Bk (Switz)	4.678
Nisseki House Ind.(n)★★§	50	1996	-	4¾	100	J Henry Schroder Bk	4.806
JSP Corp(s)★★§	20	1996	-	6⅞	100	Nomura Bk (Switz)	6.993
LIRE							
E.Naz.P.l'Ener.Elec.(l)†	500bn	2002	10	10⅝	101.55	Bca.Comm.Italiana	10.372
Mediobanca Int.†	100bn	1999	7	11.7	101⅞	Banco di Roma	11.305
Credit Comm.d'France†	150bn	1997	5	11.7	101⅞	Is.Bco.S'Paolo	11.200
Fin.for Danish Ind.†	200bn	1999	7	11.7	101⅞	IMI Bank (Lux.)	11.305
PESETAS							
EIB(m)†	15bn	2002	10	10⅛	101.35	Banesto	9.909
SWEDISH KRONOR							
Helaba Int.Fin.†	300	1997	5	10¼	101½	Den Danske Bank	9.863
DANISH KRONER							
Fin.for Danish Industry†	250	1997	5	8⅞	102	Kredietbank Int.	8.377
YEN							
Jujo Paper†	20bn	1997	5⅓	6.3	100	Nikko Europe	6.297
Kingdom of Norway†	100bn	1997	5	5⅜	99.55	IBJ Int.	5.479
Nippon Express Co.†	30bn	1999	7¼	6	101½	Nomura Int.	5.743
LUXEMBOURG FRANCS							
CCF (Paris)(h)†	1bn	2002	10	8⅞	102¼	BGL	8.536
LB Schleswig-Holstein Int.†	965	1998	6	9	102¼	Bque.Paribas (Lux.)	8.515
ASLK-CGER Ificot	1bn	2001	8⅓	8⅞	102.20	Banque UCL	8.525
Kredietbank Int.Fin†	2bn	1999	7⅓	9⅛	101¼	KBL	8.885
Commerzbk.Int.SA(t)†	1.5bn	2002	10	8¾	102	BGL	8.450

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate notes. ♦Variable rate note. †Final terms. a) Callable 30/1/94 at 101% declining ¼% semi-annually. Exercise premium fixed at 2.5%. b) Global issue. Coupon payable semi-annually. Non-callable. c) Fungible with existing DM400m deal. Non-callable. d) After 2 years issuer can redeem at 144% or give 2 year equity-linked warrant which entitles holder to cash payment of 115% of stock appreciation. e) Fungible with existing DM200m deal. Non-callable. f) Callable 6/2/94 at 101% declining ¼% semi-annually. g) Put option 30/9/94 at 110⅝% to yield 8.288%. Coupon payable semi-annually. h) Subordinated issue. Non-callable. i) Exercise premium fixed at 2.52%. Non-callable. j) Issued under $125m global programme. Non-callable. k) Fungible with existing £336.5m deal. Non-callable. l) Callable 1999 at 100¼% declining ⅛% annually. m) Matador issue. Callable 1999 at 100⅜%. n) Callable 30/9/92 at 101¼% declining ¼% semi-annually. Put option 30/9/94 at 109⅞% to yield 8.178%. Coupon payable semi-annually. o) Fungible with existing Ecu200m deal. Non-callable. p) Exercise premium fixed at 2.58%. Non-callable. q) Conversion premium fixed at 2.5%. Callable at 104% declining 1% annually from 1/4/92. r) Launched in 2 tranches; each a minimum of FFr100m. Redemption linked to issuer's share price. s) Coupon payable semi-annually. t) Subordinated and issued on fiduciary basis for Commerzbank. Non-callable. Note: Yields are calculated on ISMA basis.

WORLD STOCK MARKETS

AUSTRIA | BELGIUM/LUXEMBOURG | DENMARK | FINLAND | FRANCE | JAPAN | FRANCE (continued) | GERMANY | GERMANY (continued) | ITALY | NETHERLANDS | NORWAY | SPAIN | SWEDEN | SWEDEN (continued) | SWITZERLAND | SOUTH AFRICA | AUSTRALIA | HONG KONG | MALAYSIA | SINGAPORE

Price data supplied by Telekurs.

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. Owing to problems at Telekurs, some N.American stocks are temporarily being marked ad early.

CANADA

TORONTO

4:00 pm prices January 24

MONTREAL

4:00 pm prices January 24

Total Sales 13,485,200 shares

INDICES

NEW YORK

DOW JONES	Jan 24	Jan 23	Jan 22	Jan 21	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3232.78	3226.74	3255.81	3223.39	3264.98 (17/1)	3172.41 (2/1)	3264.98 (17/1/92)	41.22 (2/7/32)
Home Bonds	99.52	99.44	99.38	99.40	99.61 (17/1)	98.96 (2/1)	99.61 (17/1/92)	54.99 (1/10/81)
Transport	1362.29	1384.72	1407.14	1391.07	1445.81 (16/1)	1342.12 (2/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	214.07	213.51	215.20	212.19	225.59 (3/1)	211.82 (17/1)	236.23 (2/1/90)	10.50 (8/4/32)

Day's High 3264.31 (3279.52) Low 3203.71 (3205.95)

STANDARD AND POOR'S

	Jan 24	Jan 23	Jan 22	Jan 21	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	415.48	414.96	418.13	412.64	420.77 (15/1)	412.64 (21/1)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	492.86	492.01	496.18	490.04	499.27 (15/1)	490.04 (21/1)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	34.53	34.45	34.47	33.82	35.14 (15/1)	33.82 (21/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	229.72	228.89	230.19	227.64	231.85 (15/1)	227.64 (12/1)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	413.42	414.27	413.18	410.51	415.33 (20/1)	395.51 (2/1)	415.33 (20/1/92)	29.31 (9/12/72)
NASDAQ Composite	624.68	622.86	620.68	608.89	630.82 (15/1)	586.45 (2/1)	630.82 (15/1/92)	54.87 (31/10/72)

	Jan 17	Jan 10	Jan 3	year ago (approx.)
Dow Industrial Div. Yield	2.83	2.89	2.90	3.90

	Jan 22	Jan 15	Jan 8	year ago (approx.)
S & P Industrial div. yield	2.53	2.52	2.54	3.90
S & P Indl. P/E ratio	25.60	25.76	25.51	16.03

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Unisys	11,271,000	8	+ 1
AT & T	3,996,300	38¾	- 1¼
Chem Bank	2,895,800	28¾	+ ⅜
Glaxo	2,737,000	31⅛	+ ⅛
RJ Nabisco	2,706,000	10⅞	- ⅛
N Med Ent	2,567,500	16⅛	...
Delta Wood	2,486,000	15½	- 3¼
Home Depot	2,461,400	64⅞	...
Ford Motor	2,085,900	32⅛	+ ⅛
Halliburton	2,034,400	27⅛	- 1⅞

TRADING ACTIVITY

† Volume Millions	Jan 24	Jan 23	Jan 22
New York SE	210.716	229.680	225.030
Amex	21.552	19.174	19.182
NASDAQ	(u)	251.173	251.173
NYSE			
Issues Traded	2,194	2,199	2,197
Rises	909	790	1,138
Falls	797	939	619
Unchanged	488	470	440
New Highs	91	107	85
New Lows	4	6	3

CANADA

TORONTO	Jan 24	Jan 23	Jan 22	Jan 21	1992 HIGH	1992 LOW
Metals & Minerals	3136.31	3139.99	3161.98	3111.62	3238.87 (16/1)	2935.22 (2/1)
Composite	3630.80	3624.53	3638.79	3620.44	3666.00 (16/1)	3495.66 (2/1)
MONTREAL Portfolio	1908.90	1909.68	1920.92	1908.90	1937.59 (16/1)	1856.55 (2/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jan 24	Jan 23	Jan 22	Jan 21	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1615.8	1635.5	1631.5	1646.9	1675.6 (15/1)	1615.8 (24/1)
All Mining (1/1/80)	682.1	692.3	691.1	697.7	783.5 (20/1)	660.3 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	404.81	407.10	404.24	405.04	437.47 (15/1)	372.24 (2/1)
BELGIUM						
BEL20 (1/1/91)	1178.21	1183.63	1176.84	1181.69	1183.63 (23/1)	1097.23 (6/1)
DENMARK						
Copenhagen SE (3/1/83)	360.96	360.71	359.37	360.83	365.29 (15/1)	354.37 (2/1)
FINLAND						
HEX General (28/12/90)	859.6	854.8	848.4	869.4	894.5 (16/1)	779.8 (2/1)
FRANCE						
CAC General (31/12/82)	495.23	498.74	501.36	504.35	504.35 (21/1)	475.53 (2/1)
CAC 40 (31/12/87)	1849.92	1838.69	1841.32	1867.91	1873.63 (15/1)	1749.93 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	677.53	680.89	685.12	687.20	687.20 (21/1)	643.26 (2/1)
Commerzbank (1/12/53)	1916.3	1925.1	1937.8	1943.5	1943.5 (21/1)	1813.8 (2/1)
DAX (30/12/87)	1664.77	1669.57†	1680.18	1685.29	1685.29 (21/1)	1578.73 (2/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4600.08	4625.84	4550.72	4522.21	4625.84 (23/1)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1441.73	1447.95	1457.77	1463.75	1469.57 (17/1)	1391.40 (2/1)
ITALY						
Banca Com. Ital. (1972)	549.18	548.27	537.97	539.96	551.03 (16/1)	507.43 (2/1)
JAPAN						
Nikkei (16/5/49)	21072.15	21580.72	21534.12	20858.30	23801.18 (6/1)	20858.30 (21/1)
Tokyo SE (Topix) (4/1/68)	1584.86	1610.78	1603.81	1569.43	1763.43 (6/1)	1569.43 (21/1)
2nd Section (4/1/68)	2300.36	2308.79	2293.23	2292.32	2459.85 (6/1)	2292.32 (21/1)
MALAYSIA						
KLSE Composite (4/4/86)	568.78	571.64	572.27	570.57	572.27 (22/1)	546.63 (14/1)
NETHERLANDS						
CBS TU.Rtn.Gen.(End 1983)	287.7	288.0	288.3	289.1	289.1 (21/1)	274.0 (6/1)
CBS All Shr (End 1983)	202.0	202.2	202.5	203.0	203.0 (21/1)	192.4 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	712.48	711.45	728.88	729.92	748.03 (17/1)	678.99 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	1278.68	1282.28	1288.31	1301.00	1303.30 (17/1)	1172.78 (2/1)
SINGAPORE						
SES All-Singapore (2/4/75)	415.63	416.90	416.91	416.99	416.99 (21/1)	402.19 (2/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1258.0	1285.0	1303.0	1327.0	1327.0 (21/1)	1119.0 (2/1)
JSE Industrial (28/9/78)	4436.0	4486.0	4510.0	4513.0	4535.0 (15/1)	4169.0 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	658.04	667.47	646.28	630.08	667.47 (23/1)	604.63 (13/1)
SPAIN						
Madrid SE (30/12/85)	251.16	251.07	251.36	252.62	258.50 (15/1)	238.93 (2/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	984.7	985.3	976.1	978.2	989.2 (20/1)	913.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	771.8	778.4	770.2	773.0	779.8 (15/1)	740.5 (6/1)
SBC General (1/4/87)	628.4	627.8	628.4	627.2	628.4 (22/1)	601.1 (6/1)
TAIWAN**						
Weighted Price (30/6/66)	5243.60	5122.01	5131.42	5135.35	5243.60 (24/1)	4692.17 (6/1)
THAILAND						
Bangkok SET (30/4/75)	781.63	780.26	772.71	776.01	781.63 (24/1)	711.81 (3/1)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	522.0*	527.7	529.7	523.6	542.1 (7/1)	520.1 (13/1)

** Saturday January 18: Taiwan Weighted Price: 4964.22; Korea Comp Ex. 621.21.
& Subject to official recalculation. † Correction. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Friday 24 January 1992

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	4.0	351	-1
Shizuoka bank	3.2	1,310	0
Clarion	2.9	975	+28
Nippon Carbon	2.7	2,050	+70
Sharp	2.5	1,340	-10
Toyo Ink	2.1	770	-20
Mitsubishi Elec	2.1	570	-1
Amada Wasino	2.0	587	-9
Asahi Chemical	2.0	679	+13
Kawasaki Heavy	2.0	517	-6

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

Britannia Life Unit Managers Ltd (1200)F
190 West George St, Glasgow G2 2PA 041-332 3132

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Balanced Growth	6	76.30	77.65	83.04	3.00	[illegible]
Do (Accum)	6	81.71	83.16	88.94	3.00	[illegible]
Service Cos	6	63.34	63.34	67.75	2.26	[illegible]
Do (Accum)	6	67.27	67.27	71.95	2.26	[illegible]
Income Growth	6	39.56	39.56	42.31	5.70	[illegible]
Do (Accum)	6	56.97	56.97	60.93	5.70	[illegible]
Higher Yield	6	32.16	32.16xd	33.32	4.90	[illegible]
Do (Accum)	6	40.63	40.63	43.46	4.90	[illegible]
American Gth Inc	6	38.50	38.50	41.18	0.63	[illegible]
Do (Accum)	6	39.23	39.23	41.96	0.63	[illegible]
European Growth	6	24.97	24.97	26.70	1.74	[illegible]
Do (Accum)	6	25.67	25.67	27.45	1.74	[illegible]
Global Bond Inc	6	23.20	23.22	24.84	6.48	[illegible]
Do (Accum)	6	27.53	27.56	29.47	6.48	[illegible]
Managed P'folio Inc	6	25.97	26.05	27.86	0.22	[illegible]
(Do Accum)	6	25.97	26.05	27.86	0.22	[illegible]

Brown Shipley & Co Ltd (1000)F
9-17 Perrymount Rd Haywards Hth 0444 412262

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Mngd P'folio Inc	6	78.61	78.61	83.72	2.48	[illegible]
Mngd P'folio Acc	6	145.0	145.0	154.4	–	[illegible]
UK General	6	116.5	116.5	124.1	4.09	[illegible]
Conv & General	6	16.41	16.41xd	17.48	10.9	[illegible]
European Inc	6	20.21	20.21	21.76	0.52	[illegible]
European Acc	6	20.76	20.76	22.35	–	[illegible]
Financial	6	92.31	92.31	98.31	4.81	[illegible]
Foundation	6	[illegible]	61.39	65.38	4.79	[illegible]
German	6	35.48	35.48	38.04	0.11	[illegible]
Growth Inc (15-1)	5	23.15	23.20	24.71	3.79	[illegible]
Growth Acc (15-1)	5	26.36	26.40	28.12	–	[illegible]
High Income	6	55.35	56.34	60.28	7.25	[illegible]
Income	6	90.35	90.35	96.99	[illegible]	[illegible]
Intl Income	6	75.57	75.57xd	80.48	5.96	[illegible]
Intl Growth ♣	6	29.65	29.65	31.58	0.25	[illegible]
Monthly Income	6	55.69	55.59	59.20	5.69	[illegible]
North American	6	85.57	85.57xd	91.06	0.24	[illegible]
Orient ♣	6	88.73	88.73	95.47	–	[illegible]
Recovery	6	29.00	29.00	30.89	3.02	[illegible]
Smaller Cos Acc	6	188.2	188.2	200.4	–	[illegible]
Smaller Cos Inc	6	111.9	111.9	119.2	1.93	[illegible]

Brycourt Unit Tst Mgmt Ltd (1400)F

[illegible]

MGM Unit Managers Ltd (1000)F
MGM House, Heene Rd, Worthing
Dealing: 0277 261010. Enq: 0903 204631

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
High Income	5	224.3	227.2	241.7	6.82	[illegible]
(Accum Units)	5	363.8	368.6	392.1	6.82	[illegible]
UK Growth	5	279.7	283.1	301.1	4.53	[illegible]
(Accum Units)	5	337.6	341.7	363.5	4.53	[illegible]
Int Equity Gth ♣	5	48.28	48.41	51.49	1.22	[illegible]
Intl Bond	5	54.65	54.65	57.37	7.77	[illegible]
Special Sits Gwth	5	15.90	15.97	16.98	0.74	[illegible]
North American Gwth	5	71.69	71.93	76.52	0.96	[illegible]
European Growth ♣	6	49.40	49.69	52.86	1.36	40104

MW Investment Managers Ltd (0659)F
4b Court St, Haddington, E. Lothian 062 082 5867

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
MW Joint Investors	0	1072.5	1072.5	1099.1	4.40	[illegible]

Maiden Unit Trust Managers Ltd (1400)F
c/o Baillie Gifford 1 Rutland Ct EH3 8EY 031 222 4242

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Maiden General	0	103.5	103.5	106.6	5.46	[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

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Sovereign Unit Tst Mngrs Ltd (1000)F
12 Christchurch Rd, Bournemouth 0202 298422

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Grs	City-line
Cash	1	50.33	50.33	50.83	10.6	41246
Cntrld Prfmance	5½	49.25	49.58	52.85	0.09	46075
Ethical	5½	47.07	48.08	51.15	4.97	[illegible]
European Growth	5½	47.67	47.87	51.06	3.0	46171
Income	5½	45.04	45.59	48.63	8.07	41394
Intl Growth	5½	65.94	66.02	70.42	0.13	41395
Managed	5½	57.77	58.32	62.21	4.48	41396
UK Growth	5½	49.12	49.76	53.08	5.90	41397

Standard Chartered Equitar (1200)F
69 Old Broad Street, EC2M 1QS 071-280 6521

Mngd Exempt Acc	3	193.1	195.2xd	203.3	3.09	41499
Do Income	3	180.7	182.6xd	190.2	3.09	41321

Standard Life Tst Mgmt Ltd (0629)H
3 George St, Edinburgh EH2 2XZ 0800 393777

Managed Acc	5½	35.79	35.79	38.03	2.39	41398
UK Equity Gth Acc	5½	48.36	49.44	52.54	2.05	41399
UK Eq High Inc Inc	5½	28.77	29.47	31.32	6.57	41400
UK Eq High Inc Acc	5½	32.35	33.15	35.21	6.57	46962
UK Equity Gen Acc	5½	45.61	46.34	49.24	3.53	41401
UK Equity Gen Inc	5½	35.69	36.27	38.54	3.53	41402
UK Larger Cos Acc F	7½	300.6	304.4	330.9	4.75	41403
UK Larger Cos Inc F	7½	242.0	245.1	266.0	4.75	41404
Gilt & Fxd Int Inc	5½	28.10	28.17	29.79	7.45	41405
O'seas Larg Cos Acc F	7½	212.8	216.9	235.4	2.19	41406
Nth American Acc	5½	36.27	36.47	38.75	0.69	41407
Far East Acc F	5½	39.90	40.92	43.48	–	41408
European Acc	5½	34.40	36.13	38.39	1.63	41409

Stewart Ivory Unit Tst Mgrs Ltd (1200)H
45 Charlotte Sq, Edinburgh 031-226 3271

American ♥	5	298.8	298.8	318.7	0.72	41410
(Accum Units) ♥	5	351.7	351.7	375.1	0.72	41411
British	5	786.2	799.2	845.6	6.14	41416
(Accum Units)	5	1291.7	1313.1	1389.3	6.14	41417
European	5	326.3	326.3	346.8	1.44	41418
(Accum Units)	5	353.7	353.7	375.9	1.44	41419
Japan	5	107.9	107.9	114.9	–	41420
(Accum Units)	5	108.8	108.8	115.8	–	41421
New Pacific	5	182.4	182.4	194.2	1.77	41340

Funds in Court*

	Bid Price	Offer Price	Yield Gross	City-line
Capital Jan 16	495.45	499.11	2.83	40505
Gross Jan 16	170.31	171.68	11.36	40506
High Yield Jan 16	280.23	282.47	7.79	40507

* Restricted to monies under Court control

Henderson Unit Trust Management Ltd

Pensions Mngd	52.51	55.62	4.22	40676

INVESCO MIM Management Ltd
Exempt Funds

Intl Mngd P'Folio	1173.0	1264.0xd	–	46464
Mngd Pens (Acc)	66.7	71.1	–	41007

Lazard Brothers & Co. Ltd

Property Sept 5	£2480.0	2680.0	7.00	40777
Inc Gth Prp Jul 31	£1375.0	1460.0	8.90	40778

Lazard Investors Ltd ‡‡
Exempt Funds

Small Co's Jan 22	£3830.1	3998.2	3.97	40766
European Jan 22	£369.7	375.0	1.58	40776
American Jan 22	£360.7	364.1	2.23	40773
Japan Jan 15	£470.4	475.7	1.37	40774
Pacific Jan 22	£140.2	144	1.92	40775
W Midlands Sep 30	£136.50	142.30	2.48	40771

Local Authorities Mutual Invest. Tst.*
2 Fore Street, London EC2Y 5AQ 071-588 1815

Property Dec 31	196.75	200.75	7.88	40825
Equity Dec 31	845.45	857.30	3.99	40826

* Available only to Local Authorities

M & G Securities Ltd

Charibond Jan 23	105.39		10.23	40883
(Accum Units)	621.96		10.23	40884
NAACIF Jan 21	41.19		9.54	46917

Morgan Grenfell Investment Funds Ltd
Exempt Funds

UK Equity † Jan 21	126.9	136.3	1.89	46925
UK Small Co † Jan 21	316.0	367.8	3.32	46926
Fixed Interest † Jan 21	111.3	117.1	8.54	46920

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

FT MANAGED FUNDS SERVICE

	Bid Price	Offer Price	Yield Gross	City-line
Baring International Fd Mngrs (Ireland) Ltd				
Australia	$15.90	16.70	1.80	44759
Japan Tech	$54.64	57.38	0.00	44762
Japan Fund	$23.87	25.07	0.00	44763
Japan New Cntn Fd	$17.87	18.77	0.00	44764
Malay Sing	$59.44	62.42	0.00	44765
Nth American	$24.64	25.88	0.00	47418
Octopus Fund	$24.18	25.39	0.56	44766
Pacific Fd	$63.44	66.62	1.28	44767
International Bond	$17.68	18.57	7.66	44769
Europa Fund	$13.85	14.55	0.74	47191
British Screen Fd	£0.87	0.92	1.92	47190
Trinity Warrant	$12.30	12.92	0.00	47419
Hong Kong	$56.43	59.26	1.22	44761
Mngd Portfolio (Stlg)	£4.15	4.48	0.00	47319
Mngd Portfolio (DM)	$10.91	11.51	0.00	47318
Currency Fd-Sterling	£19.98		9.66	44755
Currency Fd-US Dollar	$15.57		4.73	44754
Curr Fd-Deutschemark	DM41.38		7.71	44756
Curr Fd-Managed $	$46.46	48.78	4.76	44758
Federated International Funds Plc				
Federated Short-term US Gov't Securities Fund				
Institutional Svc Series *	$1.00		3.86	40562
Investment Series *	$1.00		3.76	40563
Investment Gth Series	$100.00		–	–

* Annualised Yield

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
TSB Trust Funds – Contd.						
UK Equity	5	142.85	142.85	154.16	0.90	43572
International Equity	5	121.22	121.22	129.27	0.00	[illegible]
Far Eastern	5	92.25	92.25	99.06	0.00	[illegible]
European	5	86.35	86.35	91.44	0.00	[illegible]
Pan American	5	168.59	168.59	178.92	0.00	[illegible]
TSB Gilt Fund Ltd						
Quarterly Share	3	97.47	97.47	101.25	10.17	[illegible]
Monthly Share	3	97.51	97.51	100.75	10.22	[illegible]

JERSEY (REGULATED)(**)

	Bid Price	Offer Price	Yield Gross	City-line
Barclays Intl Funds				
Currency Funds				
Sterling	£21.76		9.6	44718
US Dollar	$31.68		3.0	44719
Deutschemark	DM54.21		8.3	44720
Yen	Y4,090		4.1	44721
Managed Multicurrency	£13.32	13.80	–	44722
Managed Multicurrency	$25.43	26.33	–	44723
Bond Funds				
Sterling Bond	£0.419	0.435	10.6	44724
US Government Income	$100.27	103.83	6.7	44725
Asian Selection Funds				
Hong Kong	$14.654	15.425	3.0	44544
Indonesia	$7.800	8.211	2.5	44686
Korea	$9.779	10.268	2.5	44687
Malaysia	$10.403	10.951	0.5	44696
Philippines	$12.634	13.299	2.5	44699
Singapore	$12.480	13.137	1.0	44700
Thailand	$13.547	14.260	2.5	44717
South East Asia	$12.512	13.171	3.0	44716
US Dollar Liquidity	$9.627	10.108	3.4	44875
Cater Allen Investment Management (CI)				
CA Gilt Income	£6.69	6.99	17.17	44830
CA Gilt & Futures	£1.035	1.089	7.35	44831
CA Equity Gwth	£3.96	4.50	3.49	44832

ISLE OF MAN (SIB RECOGNISED)

Allied Dunbar Intl Fund Mgrs (1600)F
Lord Street, Douglas, IoM 0624 661551

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

CURRENCIES, MONEY AND CAPITAL MARKETS

MONEY MARKETS

Waiting for G7

The foreign exchange market will focus on the outcome of weekend's meeting of finance ministers and central bankers of the Group of Seven industrial countries.

In particular, there is speculation that the meeting could herald a period of co-ordinated exchange rate policy in pursuit of broader economic objectives. This would entail a commitment to concerted intervention as and when required.

The most likely target for intervention is the yen, which many governments would like to see strengthen as a means of capping the huge Japanese trade surplus — up 50 per cent to $78.2bn last year.

The US and Japanese authorities have already co-operated in this regard, selling dollars for yen on January 17 in a surprise bout of intervention. Mr Pierre Beregovoy, the French finance minister, added to speculation that a broader exchange rate policy may be agreed by commenting last week that a gradual appreciation of the yen was desirable.

Yet the dollar, in particular, does not seem keen to obey the wishes of its would-be political masters. Intervention by the US Federal Reserve and the Bank of Japan pushed the US currency down to below Y123 for a time last week, but by Friday the dollar bulls were pushing back up to Y125.

Analysts question how long even a concerted exchange rate policy by the G7 countries can cap the dollar and support the yen. Many are predicting a dollar/yen rate of Y140 by the year end, irrespective of intervention.

The reasoning is that Japanese interest rates will have to come down as the economy slows, while US rates may have bottomed. The volatility of the stock market last week was clearly of concern, leading the Japanese authorities allowed money market rates to slide.

UK clearing bank base lending rate
10.5 per cent
from September 4, 1991

£ IN NEW YORK

Jan.24	Close	Previous Close
£ Spot	1.7965-1.7975	1.7845-1.7855
1 month	1.00-0.99pm	1.00-0.99pm
3 months	2.78-2.75pm	2.81-2.79pm
12 months	9.37-9.27pm	9.38-9.28pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Jan.24	Previous
8.30 am	90.4	90.8
9.00 am	90.4	90.8
10.00 am	90.4	90.7
11.00 am	90.4	90.7
Noon	90.4	90.7
1.00 pm	90.4	90.7
2.00 pm	90.4	90.7
3.00 pm	90.4	90.7
4.00 pm	90.8	90.6

OTHER CURRENCIES

Jan.24	£	$
Argentina	1.7665 - 1.7690	0.9900 - 0.9910
Australia	2.4140 - 2.4160	1.3525 - 1.3535
Brazil	2225.95 - 2227.60	1247.60 - 1247.80
Finland	7.8140 - 7.8365	4.3850 - 4.3900
Greece	327.300 - 332.550	184.150 - 187.090
Hong Kong	13.8410 - 13.8545	7.7585 - 7.7605
Iran	2500.00*	1417.00*
Korea(Sth)	1352.40 - 1374.20	760.10 - 769.10
Kuwait	0.51800 - 0.51830	0.28800 - 0.28830
Luxembourg	59.40 - 59.50	32.90 - 33.00
Malaysia	4.7470 - 4.7555	2.6630 - 2.6650
Mexico	5286.60 - 5298.50	3075.30 - 3077.80
N.Zealand	3.2905 - 3.2950	1.8480 - 1.8505
Saudi Ar.	6.6370 - 6.7140	3.7495 - 3.7505
Singapore	2.9125 - 2.9195	1.6365 - 1.6385
S.Af (Cm)	5.0060 - 5.0180	2.8000 - 2.8100
S.Af (Fn)	5.7420 - 5.8375	3.2250 - 3.2785
Taiwan	44.85 - 44.95	25.20 - 25.25
U.A.E.	6.4985 - 6.5756	3.6715 - 3.6795

*Floating rate. Iran Official rate £119.00 $67. [illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev.
Mar	101-19	101-27	101-11	101-19
Jun	100-16	100-26	100-10	100-17
Sep	99-16	99-24	99-11	99-17
Dec	98-19	98-26	98-16	98-20
Mar	97-25	97-30	97-25	97-26
Jun	97-02	97-08	97-02	97-02
Sep	96-12	-	-	96-11
Dec	95-23	-	-	95-21
Mar	95-03	-	-	95-00
Jun	94-16	-	-	94-13
Sep	93-30	94-13	93-30	93-27

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Close	High	Low	Prev.
Mar	96.20	96.24	96.19	96.25
Jun	96.05	96.08	96.04	96.10
Sep	95.75	95.78	95.73	95.81
Dec	95.23	95.27	95.23	95.31
Mar	94.99	94.99	94.99	95.10

BRITISH POUND (IMM) Se per £

	Close	High	Low	Prev.
Mar	1.7776	1.8030	1.7630	1.7674
Jun	1.7516	1.7840	1.7380	1.7418
Sep	1.7280	1.7550	1.71400.	1.7182

SWISS FRANC (IMM) SFr 125,000 $ per SFr

	Close	High	Low	Prev.
Mar	0.7024	0.7115	0.6947	0.6973
Jun	0.6967	0.7061	0.6890	0.6914
Sep	0.6919	0.6940	-	0.6864

JAPANESE YEN (IMM) Y12.5m $ per Y100

	Close	High	Low	Prev.
Mar	0.8084	0.8110	0.8025	0.8059
Jun	0.8075	0.8095	0.8016	0.8049
Sep	0.8073	0.8070	0.8025	0.8047
Dec	0.8078	-	-	0.8052

DEUTSCHE MARK (IMM) DM125,000 $ per DM

	Close	High	Low	Prev.
Mar	0.6224	0.6310	0.6157	0.6174
Jun	0.6146	0.6230	0.6080	0.6096
Sep	0.6079	0.6100	-	0.6029

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Close	High	Low	Prev.
Mar	95.76	95.80	95.74	95.79
Jun	95.56	95.59	95.54	95.61
Sep	95.20	95.25	95.16	95.28
Dec	95.54	94.61	94.52	94.67
Mar	94.25	94.31	94.22	94.39
Jun	93.81	93.87	93.80	93.95
Sep	93.40	93.45	93.39	93.53
Dec	92.88	92.93	92.86	93.01

STANDARD & POORS 500 INDEX $500 times index

	Close	High	Low	Prev.
Mar	415.75	418.85	414.60	415.10
Jun	417.25	420.45	416.10	416.55
Sep	418.65	421.50	417.80	417.95

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

Strike Price	Calls Feb	Calls Mar	Calls Apr	Calls Jun	Puts Feb	Puts Mar	Puts Apr	Puts Jun
1.725	7.01	7.34	7.55	7.98	0.53	1.50	2.41	4.24
1.750	4.96	5.47	5.85	6.42	2.20	2.30	3.31	5.38
1.775	3.21	3.91	4.38	5.14	1.88	3.30	4.49	6.73
1.800	1.97	2.72	3.23	4.03	3.10	4.70	5.95	8.21
1.825	1.11	1.87	2.37	3.12	4.77	6.34	7.54	9.88
1.850	0.57	1.21	1.67	2.43	6.69	8.15	9.32	11.69
1.875	0.25	0.74	1.14	1.83	8.81	10.19	11.31	13.61

Previous day's open int: Calls 272,651 Puts 325,413 (All currencies)
Previous day's volume: Calls 19,825 Puts 12,810 (All currencies)

CURRENCY MOVEMENTS

Jan 24	Bank of England Index	Morgan** Guaranty Changes %
Sterling	90.8	-21.0
U.S Dollar	62.1	-17.1
Canadian Dollar	101.8	+1.0
Austrian Schilling	110.0	+12.2
Belgian Franc	111.7	-1.7
Danish Krone	109.1	+3.3
D-Mark	118.9	+25.3
Swiss Franc	108.8	+17.1
Dutch Guilder	114.8	+16.5
French Franc	103.2	-12.8
Lira	98.9	-19.7
Yen	146.5	+82.7

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Jan.23

CURRENCY RATES

Jan 24	Bank § rate %	Special * Drawing Rights	European † Currency Unit
Sterling	—	0.781786	0.711933
U.S Dollar	3.50	1.40784	1.26653
Canadian $	7.33	1.62986	1.47867
Austrian Sch	7.50	15.7763	14.3662
Belgian Franc	8.50	46.1807	42.0488
Danish Krone	9.50	8.69904	7.91707
D-Mark	8.00	2.24128	2.04139
Dutch Guilder	8.50	2.52355	2.29900
French Franc	10¼	7.64668	6.96084
Italian Lira	12	1687.15	1536.93
Japanese Yen	4.50	173.587	157.620
Norway Krone	8	8.80522	8.01523
Spanish Peseta	—	141.529	129.037
Swedish Krona	10.00	8.15280	7.42576
Swiss Franc	7.00	1.98717	1.81367
Greek Drach	19	255.134	235.511
Irish Punt	—	N/A	0.765783

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland.
† European Commission Calculations.
* All SDR rates are for Jan.23

POUND SPOT - FORWARD AGAINST THE POUND

Jan 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7765 - 1.8130	1.8050 - 1.8060	0.99-0.97cpm	6.51	2.77-2.74pm	6.10
Canada	2.0740 - 2.1080	2.1055 - 2.1065	0.66-0.60cpm	3.59	1.47-1.39pm	2.72
Netherlands	3.1905 - 3.2325	3.2225 - 3.2325	⅜-¼cpm	1.16	⅞-⅝pm	0.95
Belgium	58.80 - 59.50	59.40 - 59.50	9-6cpm	1.51	20-14pm	1.14
Denmark	11.0850 - 11.1325	11.1225 - 11.1325	⅞-½orepm	0.74	1⅜-⅞pm	0.47
Ireland	1.0730 - 1.0785	1.0750 - 1.0760	0.06dis-pardis	-0.33	0.13dis-pardis	-0.24
Germany	2.8600 - 2.8685	2.8625 - 2.8675	⅜-¼pfpm	1.31	⅞-⅝pm	1.05
Portugal	243.50 - 248.65	247.65 - 248.65	83-112cdis	-4.71	213-217dis	-3.47
Spain	180.65 - 181.70	180.65 - 180.95	24-35cdis	-1.96	78-99dis	-1.96
Italy	2152.75 - 2162.85	2157.00 - 2158.00	1-3liredis	-1.11	5-7dis	-1.11
Norway	11.1310 - 11.2725	11.2625 - 11.2725	⅜-parorepm	0.40	½-¼oredis	-0.13
France	9.7525 - 9.7885	9.7675 - 9.7775	⅞-⅝cpm	0.84	1⅜-1pm	0.51
Sweden	10.3085 - 10.4400	10.4300 - 10.4400	1½-1⅞oredis	-1.94	4½-4⅞dis	-1.80
Japan	220.70 - 223.00	222.00 - 223.00	1⅛-⅞ypm	5.39	3-2¾pm	5.17
Austria	20.13 - 20.19	20.16 - 20.19	2¼-1¼gropm	1.04	5½-2½pm	0.77
Switzerland	2.5350 - 2.5510	2.5350 - 2.5450	⅝-½cpm	3.25	1⅞-1⅝pm	2.76
Ecu	1.3995 - 1.4075	1.4025 - 1.4035	0.06-0.01cpm	0.30	0.10-0.04pm	0.20

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.20-5.15cpm . 12 Month 9.26-9.16pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Jan 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7765 - 1.8130	1.8050 - 1.8060	0.99-0.97cpm	6.51	2.77-2.74pm	6.10
Ireland†	1.6530 - 1.6815	1.6805 - 1.6815	0.92-0.87cpm	6.39	2.55-2.45pm	5.95
Canada	1.1580 - 1.1685	1.1670 - 1.1680	0.26-02.9cdis	-16.24	0.76-0.81dis	-2.69
Netherlands	1.7750 - 1.8175	1.7870 - 1.7880	0.82-0.85cdis	-5.61	2.36-2.39dis	-5.31
Belgium	32.90 - 33.20	32.90 - 33.00	14.00-16.00cdis	-5.46	42.00-44.00dis	-5.22
Denmark	6.1600 - 6.2540	6.1600 - 6.1650	3.00-3.20oredis	-6.04	8.50-9.10dis	-5.71
Germany	1.5760 - 1.6140	1.5870 - 1.5880	0.73-0.74pfdis	-5.56	2.10-2.12dis	-5.32
Portugal	138.30 - 138.80	138.30 - 138.40	130-137cdis	-11.58	345-365dis	-10.26
Spain	100.35 - 101.90	100.35 - 100.45	72-74cdis	-8.73	208-215dis	-8.43
Italy	1188.00 - 1214.25	1194.75 - 1195.25	7.70-8.20liredis	-7.98	22.20-23.20dis	-7.60
Norway	6.2375 - 6.3360	6.2375 - 6.2425	3.30-3.60oredis	-6.63	9.50-10.10dis	-6.28
France	5.3700 - 5.4990	5.4100 - 5.4150	2.74-2.79cdis	-6.13	7.87-7.97dis	-5.85
Sweden	5.7360 - 5.8665	5.7775 - 5.7825	4.10-4.35oredis	-8.77	11.50-12.20dis	-8.20
Japan	123.15 - 124.65	123.25 - 123.35	0.11-0.12ydis	-1.12	0.26-0.28dis	-0.88
Austria	11.3225 - 11.3475	11.3300 - 11.3350	5.10-5.50grodis	-5.61	14.90-16.10dis	-5.47
Switzerland	1.4000 - 1.4325	1.4065 - 1.4075	0.40-0.43cdis	-3.54	1.18-1.21dis	-3.40
Ecu	1.2645 - 1.2855	1.2845 - 1.2855	0.69-0.66cpm	6.30	1.94-1.88pm	5.95

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EXCHANGE CROSS RATES

Jan.24	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.806	2.865	222.5	9.773	2.540	3.228	2158.	2.106	59.45	1.403
$	0.554	1	1.586	123.2	5.411	1.406	1.787	1195	1.166	32.92	0.777
DM	0.349	0.630	1	77.66	3.411	0.887	1.127	753.2	0.735	20.75	0.490
YEN	4.494	8.117	12.88	1000.	43.92	11.42	14.51	9699	9.465	267.2	6.306
F Fr.	1.023	1.848	2.932	227.7	10.	2.599	3.303	2208	2.155	60.83	1.436
S Fr.	0.394	0.711	1.128	87.60	3.848	1	1.271	849.6	0.829	23.41	0.552
N Fl.	0.310	0.559	0.888	68.93	3.028	0.787	1	668.5	0.652	18.42	0.435
Lira	0.463	0.837	1.328	103.1	4.529	1.177	1.496	1000.	0.976	27.55	0.650
C$	0.475	0.858	1.360	105.7	4.641	1.206	1.533	1025	1	28.23	0.666
B Fr.	1.682	3.038	4.819	374.3	16.44	4.272	5.430	3630	3.542	100.	2.360
Ecu	0.713	1.287	2.042	158.6	6.966	1.810	2.301	1538	1.501	42.37	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

EURO-CURRENCY INTEREST RATES

Jan 24	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	11 - 10⅞	11 - 10¾	10¾ - 10 11/16	10 11/16 - 10⅝	10 9/16 - 10 7/16	10⅜ - 10¼
US Dollar	4⅛ - 4	4⅛ - 4	4¼ - 4⅛	4¼ - 4⅛	4⅜ - 4¼	4⅝ - 4½
Can. Dollar	7 - 6⅞	7 - 6⅞	7 - 6⅞	6⅞ - 6¾	6⅞ - 6¾	7 - 6⅞
Dutch Guilder	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9½ - 9⅜
Swiss Franc	7 - 6¾	7½ - 7¼	7⅝ - 7½	7⅝ - 7½	7½ - 7⅜	7⅜ - 7¼
D-Mark	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
French Franc	10⅛ - 10	10⅛ - 10	10 - 9⅞	9 15/16 - 9 13/16	9 13/16 - 9 11/16	9⅝ - 9½
Italian Lira	12 - 10	12¼ - 11¾	12 - 11½	11⅞ - 11⅝	11⅞ - 11⅝	11⅞ - 11½
Belgian Franc	9⅝ - 9½	9½ - 9⅜	9½ - 9⅜	9½ - 9⅜	9½ - 9⅜	9¼ - 9⅛
Yen	5½ - 5⅜	5½ - 5⅜	5⅜ - 5¼	5 5/16 - 5	4⅞ - 4 13/16	4⅝ - 4½
Danish Krone	11 - 10¾	10⅞ - 10¾	10⅞ - 10¾	10⅞ - 10¾	10⅛ - 9 15/16	10⅛ - 9 15/16
Asian $Sing	3 - 2¾	2⅞ - 2¾	2⅞ - 2¾	2 15/16 - 2 13/16	3⅛ - 2 15/16	3⅝ - 3½

Long term Eurodollars: two years 5½-5⅜ per cent; three years 6 3/16-6 1/16 per cent; four years 6 11/16-6 9/16 per cent; five years 7 1/16-6 15/16 per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan.24) 3 months US dollars		6 months US Dollars	
bid 4⅛	offer 4¼	bid 4 5/16	offer 4 7/16

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — **Treasury Bills and Bonds**

4pm

Prime rate	6½	One month	4.07	Three year	5.55
Broker loan rate	6	Two month	3.82	Five year	6.41
Fed.funds	3 13/16	Three month	3.91	Seven year	6.90
Fed.funds at intervention	3¾	Six month	4.02	10-year	7.24
		One year	4.19	30-year	7.71
		Two year	5.14		

Jan.24	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	-	9.40-9.50	9.40-9.50	9.40-9.50	9.30-9.40	9.75
Paris	10-10⅛	9⅞-10	9⅞-10	9 13/16-9 15/16	9 11/16-9 13/16	9.60
Zurich	6⅞-7¼	7¼-7⅝	-	7¼-7⅝	-	-
Amsterdam	9.43-9.56	9.40-9.50	-	9.37-9.42	-	-
Tokyo	5⅝-5 11/16	5 11/16-5 13/16	-	-	-	-
Milan	11¾-12⅛	12-12⅛	-	11 13/16-12⅛	-	-
Brussels	9.37-9.50	9⅜-9½	-	9⅜-9½	-	-
Dublin	10 5/16-10 11/16	10 7/16-10 13/16	10½-10⅝	10¼-10½	10 3/16-10 7/16	-

LONDON MONEY RATES

Jan 24	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	11⅛	11¼	10⅞	10 13/16	10⅝	10⅜
Interbank Bid	10	10⅞	10⅝	10 9/16	10 7/16	10¼
Sterling CDs	-	-	10⅝	10 9/16	10 7/16	10¼
Local Authority Deps.	11	11	10¾	10 11/16	10½	10⅜
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	11	10¾	-	-	-	-
Company Deposits	-	-	10⅞	10 13/16	10⅝	10⅜
Finance House Deposits	-	-	10⅝	10⅞	10⅝	10¼
Treasury Bills (Buy)	-	-	10⅞	9 15/16	9 15/16	-
Bank Bills (Buy)	-	-	10 7/16	10⅜	9¾	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	4.15	4.15	4.20	4.55
SDR Linked Dep. Offer	-	-	6⅝	6⅝	6⅞	6⅞
SDR Linked Dep. Bid	-	-	6½	6½	6⅝	6⅝
ECU Linked Dep. Offer	-	-	10⅝	10⅝	10⅜	9 15/16
ECU Linked Dep. Bid	-	-	10¼	10½	10¼	9 13/16

Treasury Bills (sell): one-month 10 5/16 per cent; three months 9⅞ per cent; six months 9 13/16 per cent; Bank Bills (sell): one-month 10 5/16 per cent; three months 10 per cent; Treasury Bills; Average tender rate of discount 9.8993 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day December 31 ,1991 . Agreed rates for period Jan.25, 1991 to February 25 , 1992, Scheme I: 11.80 p.c., Schemes II & III: 12.06 p.c. Reference rate for period Nov 30,1991 to December 31 , 1991, Scheme IV&V: 10.812 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from January 1 , 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5,1991 , Deposits withdrawn for cash 5 per cent.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Am't Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
–	F.P.	–	71	49	BTR Warrants 1995/96	64	-4	–	–	–	–
–	F.P.	–	120	105	Baillie Gifford Jap Wrrts	105	-12	–	–	–	–
–	F.P	–	425	405	Bristol Water Non-Vtg £1	425		–	–	–	–
*335	110	–	126½	104½	British Telecom New	112¼	+1½	13.3	2.6	5.5	9.8
140	F.P.	–	157	140	Burn Stewart Dist	149	-1	R5.0	2.3	4.5	11.5
–	F.P.	–	2½	2	Battle Mining Wrrnts.	2		–	–	–	–
†	F.P.	–	75	63	Capital Industries 1p	63		–	–	–	–
–	F.P	–	310	218	Eurotunnel '91 Wrrnts.	260		–	–	–	–
–	F.P.	–	33	23	Fleming Japanese Wrrnts.	27	-1	–	–	–	–
‡	F.P.	–	25¼	24½	Hong Kong Zero Div Pf	25	+½	–	–	–	–
£10⅝	F.P.	–	£10⅝	£10⅝	Latin Am Inc & Appr. 1c	£10⅝		–	–	–	–
–	F.P.	–	4	3	Lowe (R) Wrrnts	3		–	–	–	–
–	F.P.	–	6	4	Multitrust Warrants	6		–	–	–	–
–	F.P.	–	103	102	Riv & Mrc Tst Inc12 1/2p	103		N9.2	–	11.9	–
–	F.P.	–	117½	117	Do. Stepd Prf 12 1/2p	117½		N5.6	–	6.4	–
60	F.P.	–	59	53	‡Seafield Resources	54		–	–	–	–
50	F.P.	–	33	33	‡Simpsons of Cornhill 5p	33		–	–	–	10.2
–	F.P.	–	5	3½	Wills Group Wrrnts.	5		–	–	–	–

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price £	+ or -
10p	F.P.	-	10p	8p	Batte Mining 10pc (Net) Cv Prf 1994	10p	
100	F.P.	-	107½	98½	Camborne Inds. 10½pc Rd. Deb. 2001	105½	-2
100p	F.P.	-	106p	100p	Fidelity Euro. Values Equity Ln 2001	106p	
105	F.P.	-	105	98	Greencore 9.5% Cov Un Ln Stk 1995	100	
310p	150p	-	275p	187p	Inchcape Non-Int. Bearing Cv Un Ln	259p	-1
100p	F.P.	-	104½p	100¼p	NatWest Bank 9pc Prf Series A	104½p	+¼

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+ or -
43	Nil	6/2	12½pm	7pm	Airbreak Leisure 5p	12½pm	+1½
220	Nil	26/2	27pm	13pm	Beales Hunter 20p	15pm	-2
235	Nil	27/1	32pm	11pm	Hartstone	28pm	-3

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. § Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. * Issue price to private investors. ¤ Unit comprising of 5 Ords and 1 Warrant.

BANK OF ENGLAND TREASURY BILL TENDER

	Jan.24	Jan.17		Jan.24	Jan.17
Bills on offer	£300m	£300m	Top accepted rate of discount	9.9071%	9.9673%
Total of applications	£1716m	£1320m	Average rate of discount	9.8993%	9.9428%
Total allocated	£300m	£300m	Average yield	10.1498%	10.1955%
Minimum accepted bid	£97.530	£97.515	Amount on offer at next tender	£300m	£300m
Allotment at minimum level	39%	50%	Minimum accepted bid 182 days	£95.175	£95.140

WEEKLY CHANGE IN WORLD INTEREST RATES

	Jan.24	change		Jan.24	change
LONDON			**NEW YORK**		
Base rates	10½	Unch'd	Prime rates	6½	Unch'd
7 day Interbank	11¼	+⅛	Federal Funds	3¾	
3-month Interbank	10 13/16	Unch'd	3 Mth. Treasury Bills	3.89	+0.01
Treasury Bill Tender	9.8993	-0.045	6 Mth. Treasury Bills	3.99	-0.01
Band 1 Bills	10⅜	Unch'd	3 Mth. CD	4.15	+0.05
Band 2 Bills	10⅜	Unch'd	**FRANKFURT**		
Band 3 Bills	10⅜	Unch'd	Lombard	9.75	Unch'd
Band 4 Bills	10⅜	Unch'd	One mth. Interbank	9.45	Unch'd
3 Mth. Treasury Bill	9 15/16	-1/32	Three month	9.45	Unch'd
1 Mth. Bank Bills	10 5/16	-1/16	**PARIS**		
3 Mth. Bank Bills	10 1/16	-1/16	Intervention Rate	9.60	Unch'd
TOKYO			One mth. Interbank	9 15/16	+⅛
One month Bills	5⅛	-1/16	Three month	9⅞	+⅛
Three month Bills	Unq.		**MILAN**		
BRUSSELS			One month	12 1/16	-⅛
One month	9 5/16	+⅛	Three month	11 15/16	-1/16
Three month	9 5/16	+⅛	**DUBLIN**		
AMSTERDAM			One month	10⅝	Unch'd
One month	9.450	-0.031	Three month	10 7/16	Unch'd
Three month	9.395	-0.005			

MONEY MARKET FUNDS

Money Market Trust Funds

	Gross	Net	Gross CAR	City-line
CAF Money Management Co Ltd				
48 Pembury Road, Tonbridge TN9 2JD 0732 770114				
Cafcash Deposit Fund	10.31	–	10.71	–
Deposits Over £1 million	10.41	–	10.82	–
Deposits Over £2 million	10.51	–	10.93	–
The CBF Charities Deposit Account				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Deposit	10.35	–	10.76	–
Cent. Bd. of Fin. of Church of England‡‡				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Deposit	10.35	–	10.76	40253
Gartmore Money Management Ltd				
16-18 Monument St, London EC3R 8QQ 071-236 1425				
TESSA Desk 071 236 9362				
Call Fnd	10.38	7.78	10.64	–
7-day Fund	10.48	7.86	10.75	–
Special Fund	10.41	7.80	10.92	–
Dollar	2.74	2.05	2.76	–
TESSA Prime	9.76	–	10.12	–
TESSA Plus	9.57	–	9.92	–
TESSA Saver	9.33	–	9.66	–

Money Market Bank Accounts

	Gross	Net	Gross CAR	City-line
AIB Bank High Interest Cheque Account				
Belmont Rd, Uxbridge UB8 1SA 0800 282115				
£2,500-£9,999	8.50	6.38	8.77	–
£10,000+	9.25	6.94	9.57	–
Aitken Hume Bank plc				
30 City Road, EC1Y 2AY 071-638 6070				
Treasury Acc.	9.00	6.75	9.31	–
90 Int Chq £1,000-£4,999	9.00	6.75	9.38	–
90 Int Chq £5,000-£49,999	9.50	7.125	9.92	–
High Int Chq £50,000+	10.00	7.50	10.47	–
Allied Trust Bank Ltd				
97-101 Cannon St, London, EC4N 5AD 071-626 0879				
TOMNA (£2,001+)	10.90	8.18	11.46	–
OMNA (£2,001+)	10.50	7.88	11.02	–
HICA (£2,001+)	9.00	6.75	9.38	–
Premier TESSA	12.50	9.38	13.24	–
American Express Bank Ltd				
Sussex House, Burgess Hill West Sussex, RH15 9AW 0444 230230				
High Performance Cheque Account				
Cardmembers				
£500-£999	3.50	2.63	3.56	–
£1,000-£4,999	8.50	6.38	8.84	–
£5,000-£9,999	8.70	6.53	9.06	–
£10,000-£24,999	9.10	6.83	9.49	–
£25,000-£49,999	9.30	6.98	9.71	–
£50,000-£99,999	9.50	7.13	9.92	–
£100,000+	9.70	7.28	10.14	–
Non-Cardmembers				
£500-£999	3.25	2.44	3.30	–
£1,000-£4,999	8.25	6.19	8.57	–
£5,000-£9,999	8.45	6.34	8.79	–
£10,000-£24,999	8.85	6.64	9.22	–
£25,000-£49,999	9.05	6.79	9.43	–
£50,000-£99,999	9.25	6.94	9.66	–
£100,000+	9.45	7.09	9.87	–
Bank of Ireland High Interest Cheque Acc				
36-40 High St, Slough SL1 1EL 0753 516516				
£10,000+	8.75	6.563	9.041	–
£2,000-£9,999	8.50	6.375	8.775	–
Bank of Scotland				
38 Threadneedle St, EC2P 2EH 071-601 6446				
MM Chq Acc £2,500-£24,999	8.65	6.48	9.00	–
£25,000+	9.11	6.83	9.50	–
Barclays Select				
PO Box 120, Westwood Bs Pk, Coventry 0800 400100				
£2,000-£9,999	8.50	6.38	8.50	–
£10,000-£24,999	9.75	7.31	9.75	–
£25,000-£49,999	10.25	7.69	10.25	–
£50,000+	11.00	8.25	11.00	–
Barclays Prime Account H.I.C.A.				
PO Box 125, Northampton 0604 252891				
£1,000-£2,499	7.00	5.25	7.19	–
£2,500-£9,999	7.70	5.78	7.93	–
£10,000-£24,999	8.40	6.30	8.67	–
£25,000+	8.75	6.56	9.04	–
Benchmark Bank PLC Premier Account				
86 Newman Street, W1P 3LD 071-631 3313				
£2,500-£10,000	9.00	6.75	9.31	–
£10,001-£20,000	9.25	6.9375	9.58	–
£20,000+	10.00	7.50	10.38	–
Brown Shipley & Co Ltd				
Founders Court, Lothbury, London EC2 071-606 9833				
HICA	9.125	6.85	9.36	–
Prof Demand A/c	9.00	6.75	9.23	–
Caledonian Bank Plc				
8 St Andrew Square, Edinburgh EH2 2PP 031 556 8235				
HICA	10.00	7.50	–	–
Cater Allen Ltd				
25 Birchin Lane, London EC3V 9DJ 071-623 2070				
HICA	9.00	6.75	9.3807	–
Comort £5,000 min	9.75	7.3125	10.1977	–
TESSA	10.25	–	10.7455	–
Charterhouse Bank Limited				
1 Paternoster Row, EC4M 7DH. 071-248 4000				
£2,500-£19,999	9.25	6.94	9.65	–
£20,000-£49,999	9.50	7.13	9.92	–
£50,000-£99,999	9.75	7.31	10.20	–
£100,000+	10.00	7.50	10.47	–
$5,000-$49,999	2.50	1.88	2.53	–
$50,000-$99,999	3.00	2.25	3.04	–
$100,000-$199,999	3.25	2.44	3.30	–
$200,000+	3.50	2.63	3.56	–
Many other currencies are available—for rates please phone ext 2168				
Clydesdale Bank PLC				
30 St Vincent Place, Glasgow G1 2HL 041 248 7070				
£2,000-£24,999	8.25	6.19	8.51	–
£25,000-£99,999	9.00	6.75	9.31	–
£100,000+	9.50	7.13	9.84	–
Co-operative Bank				
PO Box 300, Skelmersdale, Lancs 0800 616162				
TESSA				
TESSA	11.50	–	–	–
Investment 90—90 Day Notice Savings				
£50,000+	10.75	8.10	11.0	–
£25,000-£49,999	10.50	7.90	10.8	–
£10,000-£24,999	9.50	7.10	9.7	–
£5,000-£9,999	8.25	6.20	8.4	–
Pathfinder—Card Based Current Account				
All Balances	10.00	7.50	10.50	–
Top Tier—Instant Access Savings				
£50,000+	9.50	7.10	9.7	–
£10,000-£49,999	9.00	6.75	9.2	–
£5,000-£9,999	7.75	5.80	7.90	–
£1,000-£4,999	7.25	5.40	7.40	–
£1-£999	3.50	2.60	3.50	–
Ultra Interest Bearing Current Account				
£20,000+	6.00	4.50	6.20	–
£5,000-£19,999	5.00	3.75	5.10	–
£500-£4,999	2.50	1.90	2.50	–
£1-£499	2.00	1.50	2.00	–
Coutts & Co				
Reserve Account				
440 Strand, London WC2R 0QS 071-753 1000				
For personal customers				
£50,000+	9.125	6.84	9.44	–
£20,000-£49,999	8.625	6.47	8.91	–
£5,000-£19,999	8.125	6.09	8.38	–
For businesses, charities and societies				
£100,000-£1,000,000	8.50	6.40	8.78	–
£25,000-£99,999	8.25	6.19	8.51	–
£10,000-£24,999	7.625	5.72	7.85	–
Coutts Composite Account for clients money				
27 Bush Lane, London EC4R 0AA 071-623 3434				
Rates negotiable up to	10.25	–	–	–
Darlington & Co Ltd Investment HICA				
70 Prince St, Bristol BS1 4QD 0272 213206				
£50,000-£1m	9.50	7.13	9.84	–
£25,000-£49,999	9.25	6.94	9.58	–
£5,000-£24,999	9.00	6.75	9.31	–
Financial & General Bank plc				
13 Lowndes Street, London, SW1X 9EX 071-235 0036				
H.I.D.A. £50,000	10.85	8.137	11.12	–
RI D.A. £10,000-£50,000	10.50	7.875	10.77	–
Gartmore Money Management Ltd				
16-18 Monument St London EC3R 8QQ 071-236 1425				
HICA £10,000+	8.75	6.56	9.04	–
Halifax Bldg Soc Asset Reserve Cheque Acc				
Trinity Road, Halifax HX1 2RG 0422 335333				
£5,000-£9,999	9.00	6.75	9.31	–
£10,000-£24,999	9.80	7.35	10.17	–
£25,000-£49,999	10.25	7.69	10.65	–
£50,000 and above	10.90	8.18	11.35	–
Julian Hodge Bank Ltd				
10 Windsor Place Cardiff CF1 3BX 0222 220800				
6 Mth Fixed Rate Dep Acc	11.25	8.44	–	–
Extra High Interest Deposit Account				
£50,000+	11.00	8.25	11.48	–
£10,000+	10.75	8.06	11.19	–
£5,000+	10.25	7.69	10.65	–
Humberclyde Finance Group				
Chalfry Ct, Winchester Rd, Basingstoke 0256 841863				
£50,000+	10.50	7.88	10.82	–
Kleinwort Benson Ltd				
158 Kentish Town Rd, London NW5 2BT 071 267 1586				
H I C.A. (£2,500+)	9.50	7.125	9.935	–
Lloyds Bank — Investment Account				
71 Lombard St, London EC3P 3BS 0272 433372				
£50,000 and above	10.40	7.80	10.40	–
£25,000+	10.00	7.50	10.00	–
£10,000+	9.80	7.35	9.80	–
£5,000+	8.40	6.30	8.40	–
Midland Bank plc				
PO Box 2, Sheffield 0742 529394				
Exchequer Acc £5000+	9.78	7.34	10.00	–
£10,000+	10.02	7.52	10.25	–
£25,000+	10.49	7.87	10.75	–
£50,000+	10.73	8.05	11.00	–
TESSA	11.00	–	11.00	–
NatWest Crown Reserve Account				
41 Lothbury, London, EC2P 2BP 071-374 3374				
£25,000 and above	10.25	7.69	10.65	–
£10,000 to £24,999	10.00	7.50	10.38	–
£2,000-£9,999	9.625	7.22	9.98	–
Provincial Bank PLC				
30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
H.I.C.A. (£1,000+)	8.75	6.56	9.11	–
Royal Bank of Scotland plc Premium Acc				
42 St Andrew Sq, Edinburgh EH2 2YE 031-228 5650				
£50,000+	9.50	7.13	9.84	–
£25,000-£49,999	9.20	6.90	9.52	–
£10,000-£24,999	8.75	6.56	9.04	–
£2,500-£9,999	8.10	6.08	8.35	–
Save & Prosper/Robert Fleming				
16-22 Western Rd, Romford RM1 3LB 0800 282101				
Demand £1,000+ Chq Acc	9.00	6.75	9.42	–
TESSA Fixed 1 Year	8.88	–	9.25	–
TESSA Variable	10.25	–	10.75	–
Sterling Bank & Trust Ltd				
Abbey Gdns, 6 Abbey St, Reading RG1 3BA 0734 592543				
HIDA £2,500+	10.50	7.88	10.78	–
Tyndall & Co Ltd				
29-33 Princess Victoria St, Bristol 0272 744720				
Demand Acc	09.25	6.94	09.58	–
HIMA	09.13	6.84	09.44	–
HIMA £100,000+	09.38	7.03	09.70	–
Master Plus	09.13	6.84	09.44	–
TESSA	09.88	–	10.25	–
United Dominions Trust Ltd				
PO Box 135, Abbey St, Reading RG1 3EB 0734 560411				
Capital Plus Cheque Account				
£1,000+	9.90	7.43	10.27	–
J. Henry Schroder Wagg & Co Ltd				
120 Cheapside, London EC2V 6DS 071-382 6000				
Special Acc.	8.75	6.56	9.01	–
£10,000 and above	9.00	6.75	9.28	–
Western Trust High Interest Cheque Acc				
The Moneycentre, Plymouth PL1 1SE 0752 224141				
£15,000+	10.00	7.50	10.38	–
£5,000-£14,999	9.75	7.31	10.11	–
£1,000-£4,999	9.50	7.13	9.84	–
Wimbledon & South West Finance PLC				
114 Newgate St, London EC1 7AE 071-606 9485				
High Int Cheque Acc	10.60	7.95	11.03	–

NOTES— Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year, 'Compounded Annual Rate'. Int Crd: Frequency at which interest is credited to the account.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	FRIDAY JANUARY 24 1992 US Dollar Index	% chg ($) since 31/12/91	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg from 31/12/91	Gross Div. Yield	THURSDAY JANUARY 23 1992 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1991/92 High	1991/92 Low	Year ago (approx)
Australia (68)	142.43	-5.6	116.95	111.01	117.55	128.17	-2.9	4.31	145.75	120.31	114.10	120.86	129.85	160.31	112.74	121.30
Austria (20)	165.93	-0.4	136.25	129.33	136.95	136.85	+5.8	2.08	168.00	138.68	131.53	139.31	139.16	222.37	153.86	180.31
Belgium (46)	143.19	-0.8	117.58	111.59	118.18	116.35	+4.6	5.06	144.02	118.89	112.74	119.43	116.67	151.20	118.04	130.98
Canada (116)	139.92	+2.7	114.90	109.05	115.47	118.29	+3.6	3.12	140.84	116.27	110.26	116.78	118.00	144.28	126.49	127.51
Denmark (37)	265.42	-0.6	217.95	206.87	219.06	222.46	+3.6	1.61	263.88	217.83	206.59	218.82	221.88	273.94	217.74	237.56
Finland (15)	84.50	+8.3	69.39	65.86	69.74	77.80	+14.9	3.13	85.43	70.52	66.88	70.85	77.66	125.15	73.32	95.05
France (109)	150.97	+0.4	123.97	117.66	124.59	128.18	+4.8	3.46	149.47	123.38	117.01	123.93	127.54	152.48	119.11	133.81
Germany (66)	118.87	+1.3	97.61	92.68	98.10	98.10	+6.0	2.35	118.86	98.11	93.05	98.55	98.55	125.35	94.15	110.02
Hong Kong (55)	190.56	+8.1	156.48	148.52	157.28	189.84	+7.8	3.93	191.57	158.14	149.97	158.86	190.61	191.57	119.62	128.10
Ireland (16)	169.60	+1.1	139.27	132.19	139.98	142.16	+5.1	3.58	170.06	140.38	133.14	141.02	143.27	182.46	132.88	138.55
Italy (77)	79.49	+5.4	65.27	61.95	65.60	70.94	+9.7	3.25	78.82	65.07	61.71	65.36	70.70	88.23	64.78	74.30
Japan (473)	127.03	-6.5	104.31	99.00	104.85	99.00	-7.7	0.88	128.61	106.17	100.69	106.66	100.69	146.97	118.23	129.35
Malaysia (68)	224.16	+4.7	184.07	174.70	185.00	229.99	+2.5	2.85	224.46	185.29	175.72	186.13	231.38	247.78	189.18	199.80
Mexico (18)	1519.20	+9.2	1247.49	1184.06	1253.85	5110.19	+10.5	1.02	1502.51	1240.31	1176.28	1245.94	5028.50	1519.20	534.45	553.33
Netherland (37)	154.36	+1.1	126.75	120.31	127.40	125.93	+5.7	4.29	153.81	126.97	120.41	127.55	126.08	155.74	125.70	133.69
New Zealand (14)	45.91	-2.3	37.70	35.78	37.89	45.08	-2.4	6.09	45.74	37.76	35.81	37.93	44.92	54.64	41.18	48.16
Norway (23)	183.12	+2.4	150.37	142.72	151.14	155.09	+7.1	1.67	181.96	150.21	142.45	150.89	154.61	223.24	157.08	188.77
Singapore (38)	226.88	+3.3	186.30	176.83	187.25	171.20	+4.4	2.04	227.87	188.11	178.39	188.95	171.48	228.29	151.63	166.89
South Africa (61)	256.20	+2.9	210.38	199.68	211.45	182.09	+5.3	2.72	261.72	216.05	204.89	217.02	184.84	271.99	173.00	173.78
Spain (52)	155.05	-0.9	127.32	120.85	127.97	117.93	+2.9	4.70	154.24	127.33	120.76	127.90	117.79	171.12	131.51	144.54
Sweden (25)	187.17	+3.3	153.69	145.88	154.48	160.15	+7.8	2.78	184.91	152.64	144.78	153.34	158.77	204.12	146.80	168.89
Switzerland (63)	102.34	+2.0	84.04	79.77	84.49	89.27	+5.9	2.24	101.54	83.82	79.50	84.21	89.17	103.50	82.17	90.68
United Kingdom (234)	180.71	-2.5	148.39	140.83	149.18	148.39	+1.0	5.01	180.81	149.26	141.54	149.82	149.26	187.44	156.27	164.03
USA (523)	169.45	-0.3	139.14	132.07	139.86	169.45	-0.3	2.88	169.31	139.76	132.55	140.40	169.31	171.86	125.95	136.00
Europe (813)	147.16	-0.3	120.86	114.71	121.48	121.83	+3.7	3.95	146.80	121.18	114.93	121.74	122.10	151.52	125.50	133.67
Nordic (102)	186.46	+1.5	153.11	145.33	153.89	152.41	+5.9	2.12	184.99	152.70	144.82	153.40	151.64	200.81	155.55	170.89
Pacific Basin (717)	129.30	-5.7	106.18	100.78	106.72	102.47	-6.7	1.18	130.90	108.06	102.48	108.55	104.11	145.92	117.86	128.66
Euro-Pacific (1530)	136.75	-3.5	112.29	106.57	112.86	110.90	-2.4	2.37	137.56	113.55	107.68	114.06	112.02	147.86	121.29	131.04
North America (639)	167.58	-0.1	137.59	130.61	138.31	165.97	-0.1	2.89	167.46	138.26	131.13	138.91	165.82	169.69	125.91	135.40
Europe Ex. UK (579)	126.71	+1.3	104.05	98.78	104.60	108.35	+5.7	3.19	126.10	104.09	98.74	104.59	106.30	129.80	103.58	115.07
Pacific Ex. Japan (244)	151.78	+1.1	124.61	118.30	125.26	137.32	+2.0	3.87	153.47	126.69	120.17	127.28	138.36	153.49	111.40	119.88
World Ex. US (1724)	139.02	-3.1	114.16	108.36	114.74	113.13	-2.0	2.39	139.87	115.47	109.51	115.99	114.20	148.16	122.32	131.59
World Ex. UK (2013)	145.14	-1.9	119.18	113.13	119.80	128.66	-1.8	2.30	145.69	120.27	114.06	120.82	129.37	150.58	120.06	128.94
World Ex. So. Af. (2186)	147.53	-2.1	121.14	114.99	121.77	130.07	-1.4	2.58	148.00	122.18	115.88	122.74	130.78	153.05	122.92	131.80
World Ex. Japan (1774)	160.84	+0.0	132.07	125.37	132.77	148.48	+1.5	3.29	160.80	132.74	125.90	133.36	148.61	161.90	126.69	134.77
The World Index (2247)	148.24	-2.0	121.73	115.54	122.36	130.54	-1.3	2.59	148.75	122.80	116.46	123.38	131.26	153.70	123.28	132.05

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 123.22 (Local).
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Constituent changes during the week ending 24/1/92: Deletions: Toyo Jozo (Japan) and Wagons Lits (Belgium).
Name change: Imperial Cold Storage to ICS Holdings (South Africa).

FINANCIAL TIMES STOCK INDICES

	Jan 24	Jan 23	Jan 22	Jan 21	Jan 20	Jan 17	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs.	87.70	87.74	87.70	87.86	87.82	87.74	87.94	82.17	127.4	49.18
Fixed Interest	99.87	99.91	100.00	100.14	100.08	99.90	100.14	90.59	105.4	50.53
Ordinary	1944.9	1963.5	1961.8	1974.1	1971.9	1966.8	2108.3	1606.3	2108.3	49.4
Gold Mines	152.6	154.6	156.3	160.6	158.2	159.2	222.8	127.0	734.7	43.5
FT Act All-Share	1200.51	1207.29	1206.38	1215.00	1215.47	1213.08	1284.07	987.46	1284.07	61.92
FT-SE 100	2510.4	2525.3	2522.0	2543.4	2544.9	2536.7	2679.6	2054.8	2679.6	986.9
FT-SE Eurotrack 100	1131.86	1131.98	1134.07	1136.99	1135.91	1135.24	1165.54	900.45	1165.54	900.45
FT-SE Eurotrack 200	1164.15	1166.67	1168.04	1172.39	1169.41	1171.15	1198.60	938.62	1198.60	938.62

LONDON SHARE SERVICE

BRITISH FUNDS

Stock	Notes	Price £	Wk % change	Amnt £m	Interest due	Last xd	City line
"Shorts" (Lives up to Five Years)							
2pc IL 1992‡‡		195½	+⅛	650	Mr23 Se23	18.9	1312
8pc 1992 ‡‡		99⅞	—	1,550	Oc13 Ap13	6.9	1337
10½pc Cv 1992‡‡		100[illegible]	+⅛	1,288	Nv7 My7	1.10	1289
3pc 1992		97[illegible]	+⅛	500	De11 Ja11	4.11	1328
Exch 12¼pc 1992		101¼xd	+⅛	1,359	Fe25 Au25	28.1	1285
13½pc 1992		102¼	+⅛	1,757	Mr22 Se22	18.8	1266
Treas 8¼pc 1993		98⅝xd	+¼	800	Au18 Fe18	13.1	5047
10pc 1993‡‡		100[illegible]	+⅛	1,850	Oc15 Ap15	9.9	1279
12½pc 1993‡‡		103¼	+¼	1,100	Ja14 Jy14	7.1	1298
Funding 6pc 1993‡‡		95[illegible]	+¼	800	Mr15 Se15	9.9	1276
Treas 13¾pc 1993‡‡		106[illegible]	+⅜	1,665	My23 Nv23	17.10	1304
8½pc 1994		98[illegible]xd	+¼	1,800	Au3 Fe3	30.12	4871
14½pc 1994‡‡		108xd	+⅜	550	Se1 Mr1	24.1	1307
Exch 13½pc 1994		107½	+¼	1,100	Oc27 Ap27	28.9	1267
Treas. 10pc Ln. 1994‡‡		100[illegible]	+⅜	1,900	De9 Je9	4.11	1284
Exch 12½pc 1994		106[illegible]xd	+¼	1,349	Fe22 Au22	18.1	1283
Treas 9pc 1994‡‡		98[illegible]	+⅜	1,800	My17 Nv17	11.10	1345
12pc 1995		105[illegible]	+¼	2,300	Jy25 Ja25	19.12	1294
Exch 3pc Gas 90-95		88[illegible]	+¼	214	Nv1 My1	25.9	1271
10¼pc 1995		101⅞	+¼	2,100	Ja21 Jy21	16.12	1254
Treas 12¾pc 1995‡‡		109[illegible]	+⅜	840	My15 Nv15	8.10	1288
14pc 1996		113¼	+⅜	775	Jy22 Ja22	14.12	1305
9pc 1992-96‡‡		98¼	+⅜	750	Se15 Mr15	9.8	1344
15¼pc 1996‡‡		118[illegible]	+⅜	1,150	Nv3 My3	27.9	1309
Exch 13¼pc 1996‡‡		111[illegible]	+⅜	800	Nv15 My15	8.10	1268
Conversion 10pc 1996		101⅞	+⅜	3,000	My15 Nv15	9.10	1240
Five to Fifteen Years							
Treas 13¼pc 1997‡‡		113[illegible]	—	1,250	Jy22 Ja22	16.12	1302
Exch 10½pc 1997		103[illegible]xd	+¼	3,200	Au21 Fe21	16.1	1253
Treas 8¾pc 1997‡‡		96[illegible]xd	+⅛	3,600	Mr1 Se1	24.1	1341
Exch 15pc 1997		127[illegible]	-⅛	500	Ap27 Oc27	28.9	1269
9¾pc 1998		100[illegible]xd	-¼	3,050	Jy19 Ja19	13.12	1273
Treas 6¾pc 1995-98‡‡		88[illegible]	-¼	1,000	Nv1 My1	25.9	1331
15½pc '98‡‡		127¾	-⅛	925	Mr30 Se30	27.8	1308

BRITISH FUNDS - Cont.

Stock	Notes	Price £	Wk % change	Amnt £m	Interest due	Last xd	City line
Exch 12pc 1998		111¼	-⅛	3,600	My20 Nv20	14.10	1258
Treas 9½pc 1999‡‡		100[illegible]	—	1,450	Jy15 Ja15	7.1	1347
Exch 12¼pc 1999		112[illegible]	-⅛	2,900	Se26 Mr26	28.8	1284
Treas 10½pc 1999		104[illegible]	-⅛	1,252	Nv19 My19	14.10	1288
Conversion 10¼pc 1999		103[illegible]	-⅛	1,540	My22 Nv22	16.10	1242
9pc 2000‡‡		97[illegible]	-⅛	2,750	Se3 Mr3	28.7	1244
Treas 13pc 2000		118[illegible]	-⅛	3,171	Ja14 Jy14	7.1	1299
10pc 2001		102[illegible]xd	-⅛	3,000	Au26 Fe26	20.1	1280
14pc '98-01		119[illegible]	-⅛	975	Nv22 My22	18.10	1306
9¾pc 2002		101[illegible]xd	-⅛	3,075	Fe27 Au27	21.1	1349
9¾p 2002 C●		25	—	—	Feb Aug	—	—
10pc 2003		104[illegible]	-⅛	1,700	Mr8 Se8	2.8	1261
Treas 11½pc 2001-04		110[illegible]	-⅛	1,800	Se19 Mr19	13.8	1290
Funding 3½pc '99-04		82[illegible]	-⅛	443	Ja14 Jy14	7.1	1274
Conversion 9½pc 2004		100⅝	-⅛	1,512	Ap25 Oc25	18.9	1246
9½pc 2004 A		100⅝	-⅛	1,500	Ap25 Oc25		—
9½pc 2005		100[illegible]	-⅛	3,192	Oc18 Ap18	11.9	1247
Treas 12½pc 2003-05		121[illegible]	-⅛	2,300	My21 Nv21	15.10	1285
8pc 2002-06‡‡		89[illegible]	-⅛	1,800	Ap5 Oc5	2.9	1334
Over Fifteen Years							
Treas 11¾pc 2003-07		118[illegible]	-⅛	3,100	Jy22 Ja22	16.12	1293
8½pc 2007 ‡‡		93[illegible]	-⅛	1,667	Ja16 Jy16	10.12	1339
13½pc '04-08		128[illegible]	-⅛	1,250	Se26 Mr26	28.8	1301
9pc 2008 ‡‡		98	-⅛	3,621	Ap13 Oc13	4.9	1343
8pc 2009		89⅞	-⅛	1,000	Mr25 Se25	19.8	1336
Conv 9pc Ln 2011 ‡‡		98[illegible]	-⅛	223	Ja12 Jy12	7.1	1245
9pc 2011 B		98[illegible]	-⅛	1,500	Jy12 Ja12		—
Treas 5½pc 2008-12‡‡		68[illegible]	-⅛	1,000	Mr10 Se10	6.8	1330
7¾pc 2012-15‡‡		85¾	-⅛	700	Jy26 Ja26	20.12	1332
Exch 12pc '13-'17		128⅞	-⅛	1,000	Je12 De12	5.11	1260
Undated							
Consols 4pc		41[illegible]xd	-⅛	360	Fe1 Au1	8.11	1239
War Loan 3½pc‡‡		37[illegible]	-⅛	1,909	Je1 De1	25.10	1352
Conv 3½pc '61 Aft		50[illegible]	-⅛	135	Ap1 Oc1	27.8	1243
Treas 3pc '66 Aft		30[illegible]	+⅛	55	Ap5 Oc5	2.9	1324
Consols 2½pc		26[illegible]	+⅛	275	5JaApJyOc	2.12	1238
Treas. 2½pc		25[illegible]	—	475	Ap1 Oc1	27.8	1315

BRITISH FUNDS - Cont.

Stock	Notes (b)	Price £	Wk % change	Amnt £m	Interest due	Last xd	City line
Index—Linked							
Treas. 2pc '94	(102.9)	123⅝	+⅛	500	Nv16 My16	18.10	5070
2pc '96	(67.9)	178¾	+⅛	1,000	Mr16 Se16	12.8	1313
2½pc '01	(78.3)	145⅝	+⅛	1,000	Mr24 Se24	19.8	1316
2½pc '03	(78.8)	141⅞	+½	900	Nv20 My20	14.10	1317
2pc '06	(69.5)	143[illegible]xd	+⅛	1,200	Ja19 Jy19	13.12	1314
2½pc '09	(78.8)	131[illegible]	+⅛	950	Nv20 My20	14.10	1318
2½pc '11	(74.6)	136[illegible]xd	+⅛	1,450	Fe23 Au23	17.1	1319
2½pc '13	(89.2)	111[illegible]xd	+⅛	1,300	Fe16 Au16	18.1	1320
2½pc '16	(81.6)	118⅝	+⅛	1,700	Ja26 Jy16	20.12	1321
2½pc '20	(83.0)	118½	+⅛	1,400	Oc16 Ap16	9.9	1322
2½pc '24‡‡	(97.7)	94	+⅛	900	Ja17 Jy17	11.12	1323

(b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for May 1991: 133.5 and for December 1991: 135.7.

OTHER FIXED INTEREST

Stock	Notes	Price £	Wk % change	Amnt £m	Interest due	Last xd	City line
African Dev 11⅛ 2010		108[illegible]	-⅛	50	Ja4 Jy4	1.12	–
Asian Dev 10¼pc 2009		103[illegible]	-⅛	100	Mr24 Se24	28.3	–
B'ham 11½pc 2012		106	—	45	My15 Nv15	17.4	1837
Ireland Cap 8½pc '10		88¾	+⅛	384	Ap1 Oc1	—	1465
9pc Cap 1998		89½	+4½	725	Ja30 Jy30	—	—
13pc '97-02		114¾	—	315	Ap1 Oct	26.8	1426
Hydro Quebec 15pc 2011		133[illegible]	-⅛	40	My31 Nv31	27.10	–
Int-Am Dev 12½pc 2003		118[illegible]	-⅛	75	Ja8 Jy8	7.12	–
9¾pc 2015		98⅝	-⅛	175	My15 Nv15	13.10	–
Leeds 13½pc 2006		119¼	+¼	40	Ap1 Oc1	12.3	3148
Liverpool 3½pc Irred		30½	—	5	1JaApJeOc	1.5	3109
LCC 3pc '20 Aft		27½	—	25	1MrJeSeDe	1.5	–
Manchester 11½pc 2007		108½	-¼	7	Ap25 Oc25	30.3	3275
Met. Wtr. 3pc 'B'		54¾	-¼	25	Mr1 Se1	1.8	3381
N'wide Anglia 3⅞pc 2021		104¼xd	-¼	50	Ja30 Jy30	8.1	3465
4⅛pc IL 2024		105¾	-½	55	Fe23 Ap23	18.2	–
Utd Mex States 16½pc 2008		124½	—	50	Mr1 Se1	28.1	–

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc	14	Roxburghe Bank Ltd	11.5
Bank of Ireland	10.5	● Robert Fleming & Co	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs	11	● Smith & Williamson Secs	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co	10.5	Westpac Bank Corp	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	Wk's change	Div gross	Dividends paid	Last xd	City line
Abbott Labs		35¼ xd	−⅜	$1.00	FeMyAuNv	10.1	1503
♥Allegheny & W		283p	+2	30c	—	—	—
Amdahl		920pxd	−66	10c	NvMrJeAu	31.1	—
Amer Cyanamid		34⅛	−2⅜	$1.56	MrJeSeDe	27.2	—
Amer Express		12⅝ xd	−⅜	$1.00	FeMyAuNv	30.12	1594
Amer T & T		22⅝ xd	−⅜	$1.32	FeMyAuNv	27.3	1597
AmerTech		38⅛	+⅛	$3.48	FeMyAuNv	28.3	—
BankAmerica		21¼ xd	−1⅛	$1.20	FeMySeDe	10.11	1744
Bankers NY		35¼ xd	−1½	$1.52	ApJyOcJa	27.12	1745
Bell Atlantic		28½ xd	+⅝	$2.52	FeMyAuNv	4.7	—
BellSouth		28⅝	+⅜	$2.76	FeMyAuNv	5.4	—
♥Bethlehem Steel		8¾ xd	−⅜	40c	MrJeSeDe	6.2	1821
Bowater		1396p	−147	$1.20	OcJaApJy	6.5	1684
CPC		47⅞ xd	−½	$2.20	JaApJyOc	27.12	2263
California Engy		772p	+25	—	—	—	—
Campbell Soup	h	22⅞	+1	70c	OcJaApJy	24.12	2090
Chase Manhattan		12xd	−⅝	$1.20	FeMyAuNv	24.1	2109
Chrysler		7⅛ xd	−1⅛	60c	ApJyOcDe	11.12	2135
Citicorp		8¼ xd	−¼	—	—	23.10	2141
Colgate-Palm		20½ xd	−½	$1.06	FeMyAuNv	22.1	2184
Cont'l Bank		762p	−14	80c	DeMrJeSe	31.5	—
Dana		17¾ xd	−1⅞	$1.60	MrJeSeDe	25.11	2306
Data General		674p	−330	—	—	—	—
Dial		27⅞ xd	+1¼	$1.40	JaApJyOc	20.5	2778
Dun & Brad		31½	+⅜	$2.10	MrJeSeDe	13.2	—
Eaton		37⅝	−2⅛	$2.20		—	2.2 2410
Echlin		8¾ xd	—	70c	JaApJyOc	30.12	3046
FPL		19⅝ xd	−⅞	$2.40	MrJeSeDe	28.11	—
Fluor		26xd	−1	40c	JaApJyOc	18.12	2609
Ford Motor		17¾ xd	−1⅛	$1.60	MrJeSeDe	28.10	2615
Gen Elect		44⅞ xd	—	$2.28	JaApJyOc	4.12	2675
♥General Host		438p	−15	34c	—	13.12	—
Gillette		28⅝ xd	+⅜	62c	MrJeSeDe	24.5	2695
Hasbro		22	−1⅛	24c	JaApJyOc	1.8	—
Honeywell		40½ xd	+⅜	$1.85	MyJeSeDe	28.11	2919
Houston Inds		24⅛	+⅜	$2.98	MrJeSeDe	10.11	—
IBM		92⅞ xd	−1⅛	$4.84	MrJeSeDe	6.6	2966
Ingersoll-Rand		33¼ xd	+⅛	$1.32	MrJeSeDe	18.11	2979
Lockheed		24¼ xd	−½	$2.00	MrJeSeDe	18.2	—
Lowe's		2140p	−90	56c	JaApJyOc	11.7	—
Merrill Lynch		30⅜ xd	−⅜	$1.00	FeMyAuNv	30.4	3351
Morgan (JP)		39¼ xd	−⅝	$2.18	JaApJyOc	18.12	3418

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING AEROSPACE

ENGINEERING GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MISCELLANEOUS - Cont.

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

GUIDE TO LONDON SHARE SERVICE

[illegible]

... cover relates to previous dividend. ψ Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. ... prospectus or other official estimates for 1992-93. t Estimated annualised dividend, cover based on latest annual earnings. M Dividend based on prospectus or other ... W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

FT Share Service

The following changes have been made to the FT Share Information Service:

Additions: St David's Tst Zero Prf (Section: Inv Trusts)

Deletions: Treasury 12¾pc and 10pc 1992 (British Funds), GLC 6¾pc '90-92 (Other Fixed Interest), Craig & Rose and Hewetson 7 1/2pc Prf (Building Materials), Security Archives (Business Services), Lees (J) (Food Manufacturing), England (J) (Food Retailing), Grahams Rintoul Stppd Prf (Inv. Trusts) and Co of Designers (Property)

4:00 pm prices January 24

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	1992 Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
14¼	12¾	AAR Corp x	0.48	3.4	15	498	u14¼	13⅞	13⅞	-¼
26	22½	A L Labs A	0.16	0.7	26	593	23¾	22⅞	23¼	+1
68¾	58½	AMP Inc x	1.52	2.3		262692	66	65¼	65¾	-1
75½	68⅞	AMR				244468	71¼	69¾	69¾	-2⅞
1⅞	1⅛	ARX			2	323	u2	1⅞	2	+⅛
52¼	46¼	ASA	3.00	5.8	15	622	52⅛	51⅞	51⅞	+⅛
68⅞	61	Abbott Lab	1.00	1.6		252824	64⅛	63	63¾	+¼
13¼	12⅛	Abitibi Pr	0.50	3.8	17	2	12⅞	12⅞	13	
11⅝	11⅛	ACM Gvt In	1.28	11.1		494	11½	11⅜	11⅛	-⅛
10⅜	9½	ACM GvOpp	1.01	10.0		265	10⅛	10	10⅛	+¼
9½	9	ACM Gvt Sp	0.17	1.8		474	9⅜	9¼	9⅜	+⅛
11⅛	10⅝	ACM Gvt Se x	1.26	11.3		1149	u11⅛	11	11⅛	
9¼	8⅞	ACM Man	0.47	5.1		181	u9¼	9⅛	9¼	+⅛
12⅞	12⅝	ACM Managd	1.35	10.7		86	12¾	d12⅝	12⅝	-⅛
9⅜	7	Acme Cleve	0.40	4.4	17	249	9¼	9	9	
5⅛	4⅝	Acme Elect			3	119	4⅞	4¾	4¾	-⅛
33¼	30⅞	Acuson			20	403	31⅛	d30¾	31⅛	+⅛
19⅜	18¾	Adams Expr x	0.48	2.6	0	110	18¾	d18⅝	18¾	
15¼	13	Adobe 12Pf	2.40	16.3		60	14¾	14¾	14¾	+⅛
5⅞	4½	Adobe Res			53	70	u5⅞	5¾	5⅞	
48⅛	42¼	Ad Micro				209	47⅞	47¼	47¼	-⅛
21¼	17¾	Ad Micro P	3.00	14.6		136997	20⅝	20⅜	20½	-⅛
7	5	Advest Grp	0.16	2.5	9	429	6¾	6½	6½	-⅛
45⅜	42⅜	Aetna Li x	2.76	6.1		81885	u45⅝	45⅛	45¼	
10⅝	8⅞	Afld A x	0.24	2.4		901437	10	9⅝	10	+¼
32⅞	28½	Aflac				1080	30⅝	29⅞	30½	+¾
17⅝	15⅝	Ahmanson	0.88	5.2		102271	17¼	16⅜	17	-⅛
19⅞	17½	Aileen Inc			16	171	u19⅞	19⅛	19½	+⅜
82¾	72⅞	Air Pr Chm	1.58	1.9		171547	u83⅛	80⅝	80⅞	-1⅞
28⅜	23⅞	Airbne Frt	0.30	1.1		201177	27⅞	27¼	27¼	-½
24⅞	22⅝	Airgas Inc			110	19	23⅝	23⅛	23⅛	-¼
11¼	8⅛	Airlease	1.68	15.3	6	68	u11¼	11	11	
102½	99½	AlaPw8.16	8.16	8.0		z100	u102½	102½	101½	
25⅛	21⅜	AlaPw PfA	2.00	8.0		11	u25⅛	25⅛	25⅛	
106	104	AlaPw9.44	9.44	9.0		2	105	104¼	104¼	
108	102⅜	Alab Pw 11				2	104	104	104	
104	102½	Alab Pw 9P	9.00	8.7		z100	103½	103½	103½	

1992 High	1992 Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17⅛	14⅝	Brazil Fnd				1115	17	16⅝	17	+⅜
30¾	28⅝	BRE Prop	2.40	7.8	14	78	u31	30¾	30¾	
48¾	41¾	Briggs & S	1.60	3.4	18	759	u47¾	45⅞	47¼	+1⅞
39⅛	35½	Brinkerint				371708	36⅝	d34¾	35⅝	-½
90⅛	80¾	Bristol M	2.76	3.3		201742	83⅝	81¾	82⅝	+1⅛
45⅛	41⅞	Brit Airwy	1.73	4.0		4831883	44⅛	43½	43½	-⅞
49½	42⅝	Brit Gas	2.50	5.8	11	78	44½	43¾	44½	+½
66⅛	60⅞	BP ADR	4.11	6.6		171415	63	61⅞	62⅜	-⅛
30¼	27⅞	BP Prudhoe	3.57	11.9	9	288	30	29¾	30	
1⅞	1¼	BP Wts93				1045	1⅝	1½	1½	+⅛
14⅜	11⅝	Brit Steel	1.70	11.9		81357	u14⅜	13⅝	14¼	+⅜
63½	58⅛	Brit Tel x	2.72	4.6		91007	60¼	58⅞	59⅝	+⅞
20¾	18	Broad Inc	0.20	1.0		152309	20⅛	19⅞	20⅛	
33	31⅜	BrknPfd	2.47	7.7		5	31⅞	31⅞	31⅞	
30⅛	29¼	Brooklyn U	1.94	6.5	13	51	29⅞	29⅝	29¾	
85⅝	79¾	BrwnFormnB	2.44	3.0	15	298	81	d79¾	81	+1¼
28¾	25⅞	Brown Grp	1.60	5.6	20	181	28⅝	28⅛	28⅜	+⅛
10½	8¾	Brown&Shrp	0.32	3.6	2	23	8⅞	d8¾	8¾	-¼
24⅞	21	Browning F	0.68	3.0		803353	23	22½	22⅝	
2½	2	BRT			1	67	u2⅝	2½	2⅝	+⅛
16⅞	13⅝	Brunswick	0.44	2.8		501221	16⅝	15¾	15⅝	+¼
14	12⅜	Brush Well	0.20	1.4	29	279	u14⅝	13¾	14⅜	+1
27⅞	25⅞	Buckeye Pt x	2.60	9.3	11	102	u28⅛	27⅞	27⅞	
16⅜	15⅜	Bunker Hil	1.68	10.5	0	43	u16¼	16	16	-⅛
12⅝	11⅜	Burger K I	1.60	12.8	14	91	u12¾	12½	12½	-⅛
19½	17	Burl Coat			14	167	u19¾	19⅜	19¾	+½
44¼	39⅞	Burl North x	1.20	2.9		93894	41⅛	40⅞	41	-½
37	33	Burln Resc x	0.70	2.0		234336	35⅜	34⅜	34⅞	-1⅞
17	14⅝	Burnham Pc	1.36	8.1	46	150	u17	16¾	16¾	-¼

- C -

1992 High	1992 Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
34¼	31⅝	CBI Ind x	0.48	1.5	21	610	32⅝	d31⅝	31⅝	-1
152¼	138	CBS Inc	1.00	0.7	8	502	147⅞	142⅞	142⅞	-⅞
1½	⅞	CCX Inc			1	75	u1½	1⅜	1½	+⅛
⅝	⅜	CF Inc Uts	0.16	32.0	0	95	⅜	⅜	½	
19½	17⅞	CMS Energy	0.48	2.6		21412	19⅝	18⅝	18⅝	
104½	94¼	CNA Finl			13	111	94⅞	d94	94	-⅞
92	84½	CPC Intl	2.20	2.6	16	900	85⅝	d84	84⅝	-¾
27⅛	24¼	CPI Corp	0.56	2.2	13	678	25⅞	24⅞	25⅜	+⅜

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

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Price data supplied by Telekurs.

Owing to problems at Telekurs, some North American prices are temporarily being marked ex-dividend early.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4:00 pm prices January 24

[illegible]

NASDAQ NATIONAL MARKET

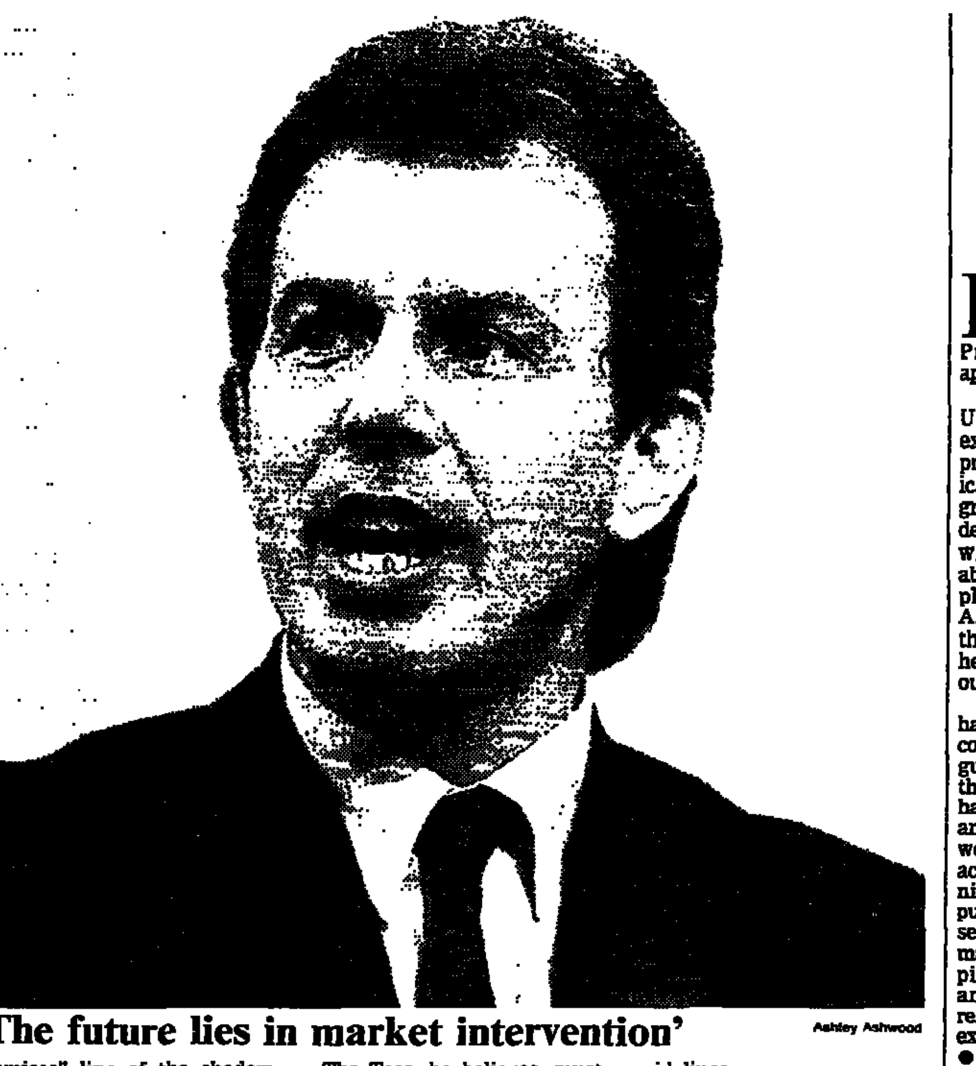
4:00 pm prices January 24

[illegible]

MONDAY PROFILE

Cagey advocate of labour skills

Tony Blair, shadow secretary of state for employment, speaks to **David Goodhart** and **Ian Hargreaves**



'The future lies in market intervention' Ashley Ashwood

He is no doubt tired of hearing it said, but Tony Blair is the very image of the would-be modern, eloquent and moderate Labour party. There is a wilted red rose in a basket on the table of his Holiday Inn style office near the Commons; there are papers and books in cheerful confusion and steady interruptions from a young man in big blue braces who seems to be dealing with media inquiries.

A barrister, educated at public school and Oxford, 38-year-old Blair has worked hard to get to this point. Since 1989, he has been charged with distancing Labour from the trade union excesses which so damaged the party in the 1970s, while developing a policy line with something distinctive to offer union members. Within the party, his efforts are considered a success. But the election campaign will demonstrate whether they can withstand ordeal by fire; it is no doubt the imminence of this ordeal which explains the number of occasions during a 90-minute interview when Blair pauses lengthily and begins: "I must choose my words carefully here."

The message as he would like it presented is as follows: there was an old agenda of trade union law, strikes and strife. This has been superseded by "a new agenda which is about training, skills, dealing with low pay, better opportunities for women and partnership in the workplace. The individual should be subject to the full rigours of the market, but should be protected by certain rules against unfair treatment".

It is a moral vision in tune with Blair's committed Christian beliefs, but it is also wordly wise. "There's no future for this country in being a low-skill, low-tech, economy. We have to compete on the basis of skills and quality... You can't do that either through the old restrictive practices or with management's unqualified right to manage," he says.

Or, more ambitiously: "The new Keynesianism is in active intervention in the labour market, not in the belief that you simply pump demand into the economy, because you are going to be constrained from doing that."

This emphasis upon individual rights in the workplace is something Labour finds embodied in the EC social charter, to which it will accede as quickly as possible upon achieving office. This, says Blair, is a question of agreeing a European framework, not offering an open door for every ill-conceived Brussels directive.

Again choosing his words carefully, he risks the view that "a vibrant and positive trade unionism is a vital part of a democratic society". But he also says: "Unions need modern methods of communication and clear objectives – then people will decide whether they're needed or not, as part of the service sector."

There is, as often with Labour, a bright golden haze when it comes to detail. There will be a minimum wage at half of average male earnings, a retreat (permanent?) from an initial target of two thirds. And *some* of the trade union laws of the last decade will be relaxed: the use of legal injunctions in industrial disputes will be made more restrictive, certain kinds of secondary action and picketing will be allowed again and sequestration of unions will not be allowed to prevent them from functioning.

Beyond that things get still fuzzier. There will probably be a right to trade union recognition where 50 per cent or more of the workforce vote in favour of it. There will also be "binding rights" for employees to consultation, although Blair says, "I'm not insisting on one particular model".

Another labour market de-regulation to be reversed is the extension from six months to two years of the period before employees are covered by unfair dismissal laws. Will Labour return to six months? "Not yet decided," he says.

The party's lack of clarity on these issues has been obscured by the inclination of Blair's key adversary and fellow barrister, Michael Howard, the employment secretary, to focus his attack upon wildly exaggerated costings of Labour's plans on, for example, the minimum wage. Although in general, Labour's trade union connection is still considered a likely electoral liability, it is by no means certain that sound-bite to sound-bite, Mr Howard will outgun Mr Blair on the hustings.

But the blackest hole in Blair's portfolio of arguments is not the detail of trade union law, but the unknowable matter of how the party will behave on wages, especially in the public sector. Mr Blair does not dissent from the dour "no promises" line of the shadow chancellor, Mr John Smith, on this point, but it is a touch disconcerting to find Labour's employment spokesman declining a view on the structure of public sector pay. Does the Labour party support the introduction of performance pay in the civil service and the NHS? Or the extension of pay review bodies? No ready answer.

On training and "active intervention in the labour market" he does speak with conviction. "The central difference between the Labour party now and 15 years ago is that we believe that unemployment must be tackled through intervention in the labour market rather than relying on expanding demand".

This points to the "new Keynesianism's" skills revolution – "our greatest single priority" – along with a shorter-term emphasis upon measures such as reforming the employment service, better training opportunities for the unemployed and work experience.

Blair supports the nationwide structure of Training and Enterprise Councils created by the government, but says his adversaries lack a policy framework for the Tecs. "They have been seen as a substitute for policy and a means of disengaging from training," he says.

The Tecs, he believes, must become central to improving in-company training and not just delivering government schemes for the young and the unemployed. That needs money, some of which will be raised from a levy on employers who do not voluntarily devote sufficient resources to training. Blair says it will start as 0.5 per cent of the wages bill but, as in France, from where the idea is borrowed, it is likely to rise.

Having studied Swedish experience, he believes that training and work experience schemes can, cost-effectively, more or less abolish long-term unemployment within one parliament; he also thinks this can be achieved without copying Sweden's benefits regime.

Labour's central problem, however, is that long before any "active labour market" measures will have had a chance to work, Britain's ERM-constrained economy may well be pushing unemployment even higher. With Britain's wage-setting system already delivering annual increases in earnings at three percentage points above inflation, Labour's commitments to the low paid, a more supportive view of trade unions and potential vacillation in the face of public sector demands, could release a new inflationary surge, with the unemployed again taking the strain. Tony Blair may be the first post-war Labour employment secretary to announce unemployment passing the 3m mark.

Or perhaps a new model Labour government would succeed, where others have failed, in reforming the UK's pay bargaining system to produce a better trade off between pay and jobs? Blair refers to Labour's proposed national economic assessment and more open budget-making process, but is cagey about any attempt to seek consensus on pay guidelines.

"I can see the rational purpose behind ensuring better co-operation in the management of the economy. What I don't believe is that you can force it on industry, and at the present time there's enormous resistance, any talk of it is dismissed as corporatism or semi-Marxism".

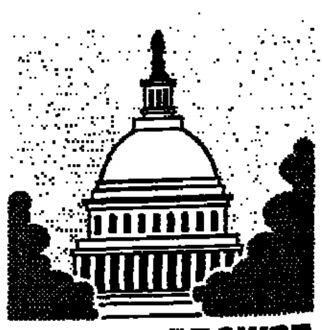
He regrets that. "If you accept that it is sensible for government and industry to work out a training policy together it seems an affront to common sense that with nearly 3m unemployed, a skills crisis, the huge discipline of the ERM, that the principle actors in the economy are not allowed to sit down to work out common objectives."

"Someone of my generation (he was 30 when he entered the Commons in 1983) can see how sensible some form of social partnership is. But it has to be said that there are those who have been so badly scarred by the past that they cannot learn from it".

PERSONAL FILE

1953 Born in Glasgow, educated Fettes College, Edinburgh; St John's College, Oxford.
1976-83 Barrister.
1983 Entered House of Commons as member for Sedgefield.
1986-88 Opposition spokesman for trade and industry.
1988-89 Shadow secretary of state for energy.
1989- Shadow secretary of state for employment.

Dr Bush makes a faulty diagnosis



MICHAEL PROWSE
on America

"I'll do it my way," sang Frank Sinatra. This, in a nutshell, appears to be President George Bush's approach to health care.

In tomorrow's State of the Union address, Mr Bush is expected to end three years of procrastination and unveil radical reform proposals. This is a great step forward for a president who used to "switch off" when aides raised questions about escalating costs or the plight of the 35m uninsured Americans. The problem is that he appears unwilling to heed lessons learned throughout the developed world.

Governments everywhere have found that costs can be controlled and access to care guaranteed only by expanding the public sector's role. The US has tried to buck this trend and ended up with by far the worst record on both costs and access. Instead of finally recognising the need for tougher public regulation of the private sector – an option favoured by many Democrats – Mr Bush is pining his hopes on yet another "market-oriented" reform. The main elements are expected to include:

- Refundable tax credits to help the poor purchase insurance cover.
- Reforms of private health insurance to discourage discrimination against small business and high-risk individuals.
- A cap on tax relief on employer schemes for high earners.
- Means-testing of Medicare, the universal public-sector scheme for the elderly.
- Incentives for pre-paid (and thus supposedly economical) health care systems such as Health Maintenance Organisations (HMOs).

Taken individually, a case can be made for all of these measures. But they do not amount to a coherent strategy. The ideas are mostly drawn from reform plans put forward by conservative groups such as the Heritage Foundation, a Washington think tank. The conservative diagnosis of the problem lays heavy stress on misguided tax policies.

Conservatives argue that the US's biggest mistake is to provide open-ended tax relief for employer schemes. This is allegedly economically inefficient because employees, regarding health care as an obligation of employers, have little regard for its cost. It is unfair because the subsidy – worth some \$50bn-\$60bn a year – goes disproportionately to the well-paid, who enjoy the most lavish care.

The solution touted is a "Robin Hood" reform. Eliminate tax relief for employer schemes and shift primary responsibility for health care to individuals. People will then shop around for the best value health insurance, putting sustained downward pressure on costs. Use the money saved to provide income-related tax credits for individuals thus ensuring that the low-paid can afford health insurance. Give the poorest grants sufficient to pay for a basic level of insurance cover. By rejigging the tax system, the argument runs, you can control costs and close gaps in health care coverage.

In some proposals, Medicare and Medicaid, the public-sector schemes for the elderly and poor, disappear altogether. But if they were to continue, means-testing of benefits for the better off would help finance care for the poor. And everybody in public schemes would be given an incentive to enter HMOs and other forms of managed care. Additional incentives to control costs in the private sector might be unnecessary, enthusiasts claim, if most individuals personally bore the full costs of health insurance.

These radical free market plans may look appealing on paper. But their practical relevance is limited. No administration would be likely to attempt Robin Hood transfers on the scale needed. The Bush plan (which Congress will probably veto anyway) is expected to cap tax relief on employer schemes only for the few per cent of families earning more than \$125,000 a year. Most health benefits even for these families would remain tax free.

The tax credits for poor families are expected to be about \$500 to \$1,500, nowhere near large enough to cover the cost of premiums, which averaged nearly \$4,000 last year. The credits will also probably be phased out a little above poverty-line incomes, meaning that many uninsured would not qualify for relief anyway.

Fiscal tinkering on this scale will do little either to control health care costs or extend insurance cover. The logic behind the more radical free market plans is anyway deeply suspect. It is unreasonable to argue that health care costs are out of control primarily because of tax distortions. US workers already bear a much higher proportion of direct health costs than their counterparts elsewhere. The fundamental causes of cost inflation are the diffusion of expensive technology and the ability of suppliers of health care – the medical profession – to determine demand by stipulating the level of care that is necessary. The only plausible way to control costs is for public agencies to impose direct budget controls on hospitals and doctors.

The notion that tax credits – however generous – would solve the problem of access to care is equally misguided. Many people would fail to buy insurance, just as they fail to save for old age. Administrative costs would anyway be prohibitive, perhaps absorbing as much as 40 per cent of premiums. Every other country has guaranteed access to care through some form of national health insurance financed either through taxes or payroll levies. Mr Bush prides himself on being an internationalist. Why cannot he accept that on health care, it is the US, rather than the rest of the world, that is marching out of step?

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

Provisional Price for Trading on 26.01.92 / Final Prices for Trading on 29.12.91

1/2 hour period ending	Pool purchase price £/MWh (provisional)	Pool purchase price £/MWh (final)	Pool selling price £/MWh (final)
0030	17.16	17.18	17.18
0100	18.39	19.54	20.90
0130	19.14	23.70	25.21
0200	21.71	23.70	25.18
0230	17.20	18.62	19.93
0300	17.19	18.62	19.93
0330	17.16	18.06	19.35
0400	17.15	17.08	17.08
0430	17.11	17.08	17.08
0500	17.04	17.02	17.02
0530	17.03	17.01	17.01
0600	17.03	16.99	16.99
0630	17.03	16.98	16.99
0700	17.03	16.99	16.99
0730	17.03	16.99	16.99
0800	17.03	16.99	16.99
0830	17.03	16.99	16.99
0900	17.03	17.04	17.04
0930	17.04	17.07	17.07
1000	17.13	18.10	19.42
1030	17.16	18.92	20.26
1100	17.49	18.28	19.60
1130	17.72	18.92	20.28
1200	17.72	19.58	20.94
1230	19.17	19.58	20.93
1300	19.17	19.56	20.92
1330	17.72	19.56	20.91
1400	17.49	18.40	19.72
1430	17.49	18.28	19.59
1500	17.12	17.08	17.08
1530	17.12	17.08	17.08
1600	17.12	17.09	17.09
1630	17.17	18.92	20.25
1700	18.36	20.60	21.99
1730	19.17	20.94	22.33
1800	20.24	20.94	22.32
1830	23.03	20.60	21.98
1900	23.24	20.60	21.98
1930	23.24	20.60	21.97
2000	23.03	20.60	21.95
2030	18.36	19.09	20.40
2100	18.32	19.09	20.40
2130	18.32	18.40	19.70
2200	17.49	18.28	19.58
2230	17.14	17.09	17.09
2300	17.12	17.06	17.06
2330	17.11	17.03	17.03
2400	17.04	17.03	17.03

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

Provisional Price for Trading on 27.01.92 / Final Prices for Trading on 30.12.91

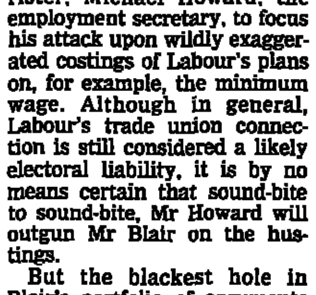
1/2 hour period ending	Pool purchase price £/MWh (provisional)	Pool purchase price £/MWh (final)	Pool selling price £/MWh (final)
0030	17.16	17.12	17.12
0100	17.40	18.92	20.24
0130	17.55	19.09	20.41
0200	17.55	18.92	20.23
0230	17.49	18.28	19.58
0300	17.49	18.28	19.57
0330	17.49	18.28	19.57
0400	17.49	17.07	17.07
0430	17.13	17.04	17.04
0500	17.13	17.02	17.02
0530	17.12	17.02	17.02
0600	17.13	17.01	17.01
0630	17.16	17.06	17.06
0700	17.47	17.08	17.08
0730	17.98	17.08	17.08
0800	19.06	17.08	17.08
0830	18.31	17.13	17.13
0900	20.34	18.10	20.44
0930	21.37	19.11	20.45
1000	22.82	19.25	20.88
1030	23.41	19.28	20.63
1100	25.30	20.88	22.10
1130	32.81	20.69	22.10
1200	45.31	20.88	22.18
1230	45.75	20.89	22.18
1300	40.69	20.88	22.08
1330	28.01	20.84	22.01
1400	26.19	20.04	21.39
1430	24.40	20.04	21.40
1500	24.13	17.17	17.17
1530	20.98	17.14	17.14
1600	27.05	20.84	21.50
1630	45.47	20.27	21.62
1700	85.94	21.33	22.71
1730	93.73	21.56	22.81
1800	77.84	21.65	22.92
1830	37.93	21.53	22.89
1900	24.33	21.48	22.82
1930	20.39	21.48	22.82
2000	19.29	21.47	22.84
2030	18.95	20.88	22.64
2100	18.90	20.69	22.05
2130	18.00	20.04	21.38
2200	17.22	17.14	17.14
2230	17.16	17.10	17.10
2300	17.13	17.08	17.08
2330	17.04	17.08	17.08
2400	17.04	17.13	17.13

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

JOTTER PAD

Limits of criminal justice



JUSTINIAN

When the Lord Chief Justice observed that three officers from the Surrey police who in 1974 were involved in the arrest and questioning of the Guildford Four "must have lied" about their recording of the accused's confessions to the planting of bombs in two public houses in Guildford and Woolwich, there was a reflex public reaction. The general mood was that the three police officers should instantly be prosecuted for a wicked offence. The prosecuting authority responded by charging them with conspiring to pervert the course of justice.

The decision of a Metropolitan Stipendiary Magistrate that inordinate delay – 17 years – in bringing the officers to justice, combined with contemporary prejudicial publicity, would render any trial unfair was reversed last week by the High Court. It held that the decision of the magistrate was so unreasonable that no reasonable magistrate could sensibly have so decided. It ordered the reinstatement of the charges and directed Bow Street magistrates' court to go ahead with committal proceedings. If committed for trial, the officers case should be heard by judge and jury before the end of 1992.

Irrational as the decision of the magistrate might have been, there is no guarantee that the jury at trial may not share the magistrate's instinctive revulsion at the prospect of justice being far too long delayed for the comfort of a civilised society. The jury's verdict – irrational or not – will be unassailable. The magistrate's decision is judicially reviewable: a jury's verdict is not. The police officers will face one of two outcomes: conviction or acquittal. Is criminal justice a sensible instrument to deploy to find out precisely why the 1974 prosecution produced such a substantial miscarriage of justice?

Long before there was ever any question of a criminal prosecution of any police officer, the government had ordered a public inquiry into the circumstances surrounding the convictions arising out of the bomb attacks in Guildford and Woolwich in 1974. Sir John May, a former Lord Justice of Appeal, began the inquiry and in July 1990 published his interim report. In it he concluded that the scientific evidence at the trial was flawed in ways which seriously undermined the prosecutions.

The prosecution had been based almost entirely on forensic evidence which sought to establish that there were traces of nitro-glycerine on the hands of six of the accused, and on the gloves of the seventh. It sought to prove that the presence of such traces was consistent only with the deliberate handling of explosives.

Sir John May recommended that the Home Secretary should refer the convictions to the Court of Appeal. This was done on July 12 1990. When the case was heard by the Court, the Director of Public Prosecutions conceded that on the issue of innocent contamination, the convictions could not be sustained. The appeal hearing led inevitably to the quashing of the convictions, in the course of which the authenticity of the confessions was challenged by the appellants. Lord Lane, the Lord Chief Justice, made the statement that prompted the prosecution of the three police officers.

Simultaneously, Sir John May re-opened his inquiry. In June 1991 he began public hearings with a view to identifying areas of potential criticism of the Home Office in relation to its handling of the case. He pointed to the requirement of the Home Office to refer cases to the Court of Appeal only where there was new evidence or a new consideration of substantial significance. He questioned the practice of limiting any review of alleged miscarriages of justice. The Home Secretary at the time, Mr Douglas Hurd, gave evidence last year to Sir John May in which he readily conceded that the system of executive review by the Home Office was less than satisfactory.

Throughout the public hearings, and in his own private deliberations, Sir John was forced to exclude from his inquiries anything that touched on the criminal investigations which had been undertaken by the Surrey Police in 1974. To have done so would have been regarded as potentially influencing the outcome of the prosecution of the three police officers.

Sir John was bound to defer any consideration of the serious allegations about police intimidation of witnesses and the suppression of alibi evidence. But by the time the police officers are tried, the public's taste for yet another trawling over the criminal investigations and the final reporting by Sir John May – by then probably 20 years after the event – will have been satiated. And if the officers are acquitted, who would favour a rerun of the events which have been scrutinised by the jury?

Is there not a strong case for the thoroughness of a public inquiry?

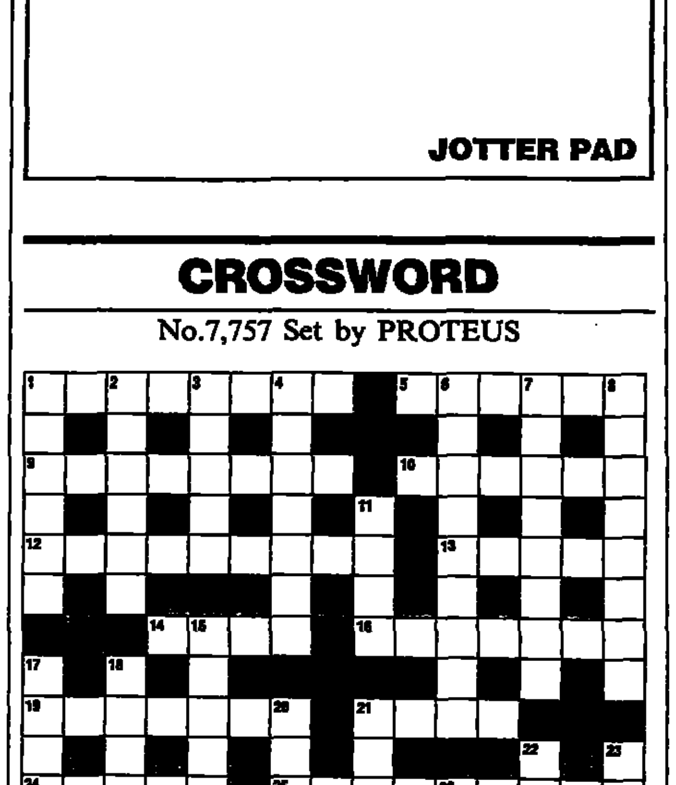
Is there not a strong case for the thoroughness of a public inquiry, uninhibited by the elaborate procedural safeguards of a criminal trial, rather than the use of the heavy hand of a criminal trial? Criminal justice is a cumbersome and costly process, designed to punish the perpetrators of crime. It satisfies a proper public desire to control crime by way of focusing on defined criminal events, but its function involves only a limited exercise in determining individual criminal responsibility.

The criminal trial is unconcerned with unmasking the often troubling circumstances that relate to the conduct of public authorities and agencies in the prosecution process. Public disquiet about such matters can be allayed only by processes other than those of criminal justice.

Louis Blom-Cooper QC

CROSSWORD

No.7,757 Set by PROTEUS



ACROSS

1 Bond seen to shrink (8)
5 They may be responsible for current loss in sportswear (6)
9 Arrogant fool repelling churchwomen by gin-tippling (8)
10 Where raid may be carried out on silver (6)
12 Innocent till fault revealed in estimate (9)
13 Chops from horses (5)
14 Mark precise place (4)
16 Beseech child to acquire wisdom (7)
19 Serious composer in drunken set (7)
21 Plant in poor light (4)
24 Measure girl has to follow (5)
25 Risk in modern business undertaking (9)
27 Dog with a little bell (6)
28 Cross by right back turned away (8)
29 Contraceptive device inspiring quiet hate? (6)
30 Indiscreet type of indicator (4-4)

DOWN

1 Cost of attack (6)
2 Head that is a monster (6)
3 Send money or watch back (5)
4 Happy with what's inside (7)
6 Drunken aspirations offering alluring prospects (4,5)
7 Editor writing German article about thespian (8)
8 Emphasises hardships (8)
11 Drink some overseas tipple (4)
15 Quietly go back to book for previous judicial decision (9)
17 They are intended for protection of French receivers (8)
18 Soft substitute for pickle (8)
20 Some picked up by vehicle (4)
21 Misfortune or the opposite (7)
22 Teachers' song about furry animal (6)
23 Think a lot about famous rider (6)
26 Central depression revealed by nautical sound (5)

The solution to last Saturday's prize puzzle will be published with names of winners on Saturday February 8.